

Western Australian Government Railways Commission  
Annual Report 2003



The changing face of public transport in Western Australia





Perth Railway Station circa 1900s.

Courtesy of Batty Library BA 369/MA-12

# About WA Government Railways

To the Hon. Alannah MacTiernan MLA  
Minister for Planning and Infrastructure

In accordance with Section 66 of the *Financial Administration and Audit Act 1985*, I submit for your information and presentation to Parliament the Annual Report of The Western Australian Government Railways Commission for the year ended 30 June 2003.

The report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.



Hon. Alannah  
MacTiernan MLA  
Minister for Planning  
and Infrastructure

J.W. Leaf

John Leaf  
Reporting Officer

# Commissioner's Gallery

*In 1890, the Department of Works and Railways was separated into the Department of Works and Buildings and the WA Government Railways (WAGR). Both agencies were overseen by one public servant who had the titles of both the Director of Public Works and the Commissioner of Railways. One person headed both organisations until shortly after the turn of the century.*

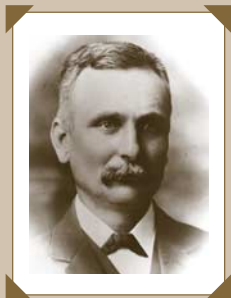
|            |                                                                                                                                                     |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 1878-84:   | J.H. Thomas<br>(Director of Public Works, with responsibility also for railways 78-79, Director of Public Works and Commissioner of Railways 80-84) |
| 1885-86:   | C.T. Mason                                                                                                                                          |
| 1887-90:   | J.A. Wilson<br>(also Engineer-in-Chief)                                                                                                             |
| 1891:      | C.T. Mason<br>(Acting Commissioner of Railways and General Manager)                                                                                 |
| 1892-93:   | F.W. Martin                                                                                                                                         |
| 1894-97:   | The Hon H.W. Venn MLA                                                                                                                               |
| 1898-1901: | The Hon F.H. Piesse MLA                                                                                                                             |
| 1901-02:   | The Hon B.C. Wood MLA                                                                                                                               |

*From 1902, the Commissioner of Railways was established as a position in its own right.*

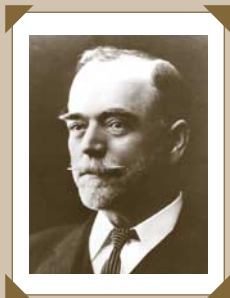
|            |                          |
|------------|--------------------------|
| 1902:      | The Hon J.J. Holmes MLA  |
| 1902:      | The Hon F. Wilson MLA    |
| 1902-03:   | The Hon W. Kingsmill MLA |
| 1903-07:   | W.J. George              |
| 1908-18:   | J.T. Short               |
| 1919:      | E.T. Hume (Acting)       |
| 1920-28:   | H. Pope                  |
| 1929-33:   | E.A. Evans               |
| 1934-48:   | J.A. Ellis               |
| 1949-57:   | A.G. Hall                |
| 1957-58:   | T. Marsland              |
| 1958-67:   | C.G.C. Wayne             |
| 1967-71:   | J.B. Horrigan            |
| 1971-78:   | R.J. Pascoe              |
| 1978-88:   | W.I. McCullough          |
| 1988-95:   | J.I. Gill                |
| 1995-97:   | R. Drabble*              |
| 1997-2000: | G.W. James (Acting)      |
| 2000-2003: | R.A. Waldock (Acting)    |

*\*Includes period as Acting Commissioner.  
Some of the people who have been Commissioner of Railways (or Acting) are pictured on the following page.*

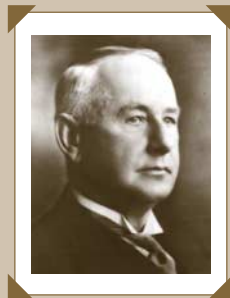




*WJ George*  
1903-1907



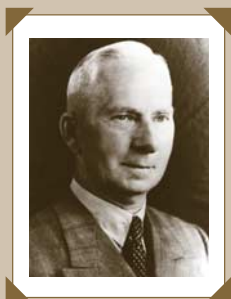
*JT Short*  
1908-1918



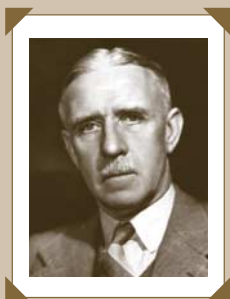
*H Pope*  
1920-1928



*EA Evans*  
1929-1933



*JA Ellis*  
1934-1948



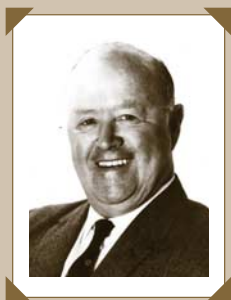
*AG Hall*  
1949-1957



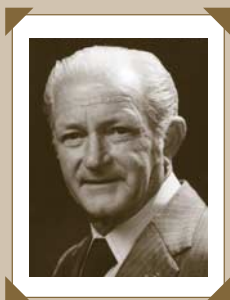
*T Marsland*  
1957-1958



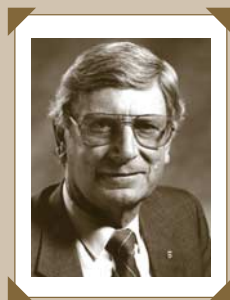
*CGC Wayne*  
1958-1967



*JB Horrigan*  
1967-1971



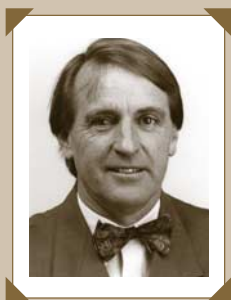
*RJ Pascoe*  
1971-1978



*WI McCullough*  
1978-1988



*JI Gill*  
1988-1995



*R Drabble*  
1995-1997



*GW James*  
1997-2000



*RA Waldock*  
2000-2003



*Bus outside Railway Road Service Office in Perth 1948.  
WAGR's Railway Road Services commenced in November 1941 with a  
service on the Perth-Kojonup via Boddington and Williams route.*

*Courtesy of Battye Library BA 369/JA-09*

## *Our Purpose*

To increase the use of public transport by providing customer focused, safe and cost effective passenger transport services.

## *Our Aim*

To create the best passenger transport service for Western Australians.

## *Our Values*

- We:
- value and respect our customers, suppliers and each other;
  - are committed to safety;
  - encourage each other to reach our full potential;
  - are honest and exhibit high levels of integrity, openness and ethical behaviour;
  - recognise and reward achievement, initiative and innovation;
  - strive for continuous improvement in everything we do; and
  - are environmentally responsible.

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*The Western Australian Government Railways' South-West coach fleet, based at Bunbury, 1946-1947*

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# Commissioner's Overview

Public transport is about to embark on a bright new future in Western Australia.

Soon after coming to power early in 2001, the Government established a taskforce to review the Machinery of Western Australia's Government. One of the major recommendations of the taskforce was that the Public Transport Authority of Western Australia (PTA) be established to bring together the services of Transperth, School Bus Services and local regional bus services (all previously operating under the Department for Planning and Infrastructure), and the Western Australian Government Railways Commission (WAGR) into a single agency responsible for the operation of all public transport services in Western Australia.

The PTA Act was proclaimed in June 2003 with the PTA to commence operations on 1 July 2003.

Our people have embraced change and shown tremendous commitment to the establishment of the PTA. There are also many vital signs to indicate we are a healthy and maturing organisation. We have maintained our position as Australia's best rail network in relation to on-time running of trains (more than 97 per cent) and have lifted our customer satisfaction figures to an excellent 92 per cent.

We have displayed an excellent safety culture and are developing a health and fitness culture through the Travelling Well program. Staff continue to enjoy recognition for their outstanding efforts through the Awards for Excellence, with the inaugural presentation evening last November enjoying excellent support across the organisation. Our focus on customer service continues to grow in all areas of our business, right down to our efforts to achieve world's best practice in the way we deal with customers on the telephone.

While we look to the future, it is also appropriate to remember the past, and the proud traditions of more than 100 years of WA Government Railways are celebrated and saluted elsewhere in this report.

While the legislation to form the PTA was delayed six months in its introduction to State Parliament, our preparations have proceeded smoothly. By the time the Bill was passed in May, the four entities forming the new organisation, with a total staff of approximately 850, had been co-located at the Westrail Centre in East Perth and were operating under a single administrative arrangement for more than a year. This forward planning ensures the final transition will occur with ease.



*Reece Waldock  
Acting Commissioner of Railways*

The PTA's customers will be the big winners. In addition to the obvious efficiencies of integrating functions currently provided by several agencies, the travelling public will be dealing with a single face representing all aspects of public transport. This will eliminate current confusion over who provides certain services - between WAGR, Transperth, Department for Planning and Infrastructure and private operators of bus routes.

New MetroRail, formerly Perth Urban Rail Development, will carry PTA's responsibility for implementing extensions to the urban passenger rail system. These include the Perth to Mandurah Railway, the northern suburbs extension to Clarkson, a spur line to Thornlie, upgrades in Victoria Park and the acquisition of 93 new railcars. The New MetroRail identity was formed shortly after the legislation enabling construction of the Perth to Mandurah Railway was passed by State Parliament. With its slogan, *Making the Connection*, it represents the shift of the various projects from their planning phases into detailed design, contract negotiations and construction.

Construction work is underway on the Clarkson Station and the track from Currambine to Clarkson. On the Thornlie project, the upgrade to the Carlisle Station is almost complete and work has started on the Kenwick Tunnel Stage 2 to accommodate the spur line. The railcars are under construction and contractors have been short-listed for about \$630 million worth of other work including track construction, tunnelling in Perth City and upgrades to the Narrows and Mt Henry bridges.

Environmental approval for the Mandurah project is imminent, subject to consideration of community concerns. Once this final hurdle is cleared early in the new financial year, we will begin to see progress on





*Turning of the first sod of the Fremantle-Guildford line in Perth by Governor Ord. The line was later open for traffic on 1 March 1881.*

*Courtesy of Battye Library BA 369/MA-01*

the ground in one of the biggest engineering projects ever undertaken in Western Australia. The project, along with the Clarkson and Thornlie developments, will virtually double Perth's urban rail network and make regular train travel available to thousands more people.

As part of the ongoing focus on its customers, a New MetroRail Information Centre has been established in Perth. The permanently-staffed centre in William Street, opposite Raine Square, operates five days a week to give the public a window into New MetroRail. It features displays, brochures, computer terminals, a model of the new railcars and a conference room for briefings. Displays are also held at other locations along the rail route from time-to-time.

The needs of our country coach and train passengers are also firmly in focus. The former Country Passenger division has been re-branded as Transwa to better encompass its breadth of services. The new name comes with a new slogan, *Making the Connection to Regional Western Australia*, and attractive livery to present a stronger image to the public and enhance marketing opportunities. Transwa is in the process of introducing an \$11 million fleet of 21 five-star diesel coaches featuring excellent passenger comfort, low emissions and improved access for disabled passengers, to service the country

network for the next eight to 10 years. Construction of the new high-speed trains for the *Prospector* service from Perth to Kalgoorlie and *AvonLink* service from Midland to Northam is proceeding. Subject to testing, they will come into service in late 2003. Transwa has also made available an online booking and secure credit card payment facility for train and coach services in the interests of customer convenience. Consideration is also being given to tailoring coach and train travel to specific markets, such as business and backpackers.

The excellent attitude of our people, our progressive culture and the support we are enjoying from the Minister for Planning and Infrastructure, Hon. Alannah MacTiernan MLA, indicate we are heading for a successful future as the Public Transport Authority.

Reece Waldock  
*Mr Waldock acted as Commissioner of Railways for 2002/2003 reporting period.*

# Executive Profiles



## **Reece Waldock**

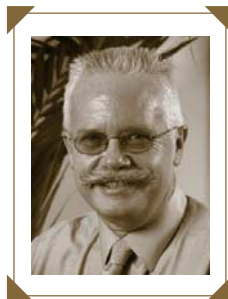
Acting Commissioner of Railways

Reece was appointed Acting Commissioner of WA Government Railways in December 2000. He has close to 20 years experience in strategic management, with

particular expertise in organisational reform.

He has held a number of senior executive roles with the Department of Transport and the Department of Commerce and Trade in Western Australia.

Prior to his career in the public sector, he held a number of senior management roles with BHP. He is currently State Chairman of the Chartered Institute of Logistics and Transport.



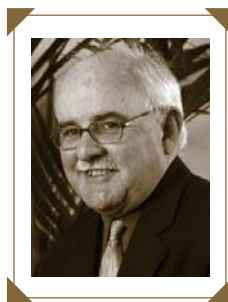
## **Brett Inchley**

General Manager Urban Passenger

Brett's expertise lies in the fields of business and financial management, having worked for a number of national and international private sector

companies including Mobil, Ford and Deloitte Touche Tohmatsu.

Brett joined the public sector in 1990 and has since gained extensive public transport management experience encompassing both operating and regulatory roles, including five years as Director of Transperth.



## **John Powell**

General Manager Transwa

During his 42-year career in the railway industry, John has gained extensive experience in transport policy and human resource management. John has

contributed to productivity management changes and the evolution of Transwa into a safe, customer-focused and cost-effective passenger transport provider.



## **John Leaf**

General Manager Finance

John has gained extensive financial and general management experience in the accounting profession with private and listed public companies and government entities, in

Australia and overseas. John joined WAGR in 1989 and has performed a strategic role in the continuous improvement and restructuring of the organisation, as well as its evolution into a customer-focused public transport service provider.



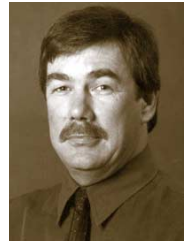
### **Hugh Smith**

General Manager  
Network and Infrastructure

Hugh launched his engineering career at British Steel in the United Kingdom and joined WAGR in 1972 as an Assistant Engineer at Midland workshops, where

he subsequently held senior management positions in design and production. He was appointed General Manager of the Urban Passenger Division in 1994. In this role he was responsible for developing strategies for customer focus, reliability of services and improved on-time running of trains.

Following the sale of WAGR's freight business in December 2000, Hugh was appointed General Manager, Network and Infrastructure in an organisation focused exclusively on passenger transport and customer service.



### **Rob Lindsay**

Director  
People and Organisational  
Development

Rob's expertise is in the fields of labour relations, human resource policy formulation, dispute resolution and strategic

human resource planning and management. Before joining WA Government Railways, Rob was Assistant Director of Strategy and Representation at the Department of Productivity and Labour Relations. Previously, he was Coordinator of Health Workforce and Reform.

During his career Rob has played an integral role in the formulation of a number of enterprise bargaining agreements in the public and private sectors. He has sat as Government member of the Long Service Leave Appeal Board and Committee, and he has acted for health employers nationally in the area of competency packaging.



### **Sue McCarrey**

Acting Director  
Policy Unit

Sue has expertise in Government policy and administration including legal frameworks and the mechanics of Government. Her expertise also includes

making the link between whole-of-Government policy and directions within the operational level of the agency.

Prior to joining WAGR, Sue worked in a number of government administration roles within the Education Department including coordinating policy development and review; and planning at the corporate, division and operational levels. This work included time as a school principal in both country and metropolitan schools.



### **Garry Willox**

Project Director  
New MetroRail

Garry graduated as a Civil Engineer in 1968. He worked in WAGR's district engineering offices of Narrogin and Bunbury before moving to Northam, where

he was District Engineer from 1975 to 1980. He was then engaged as Senior Resident Engineer in charge of the Kwinana Koolyanobbing Rehabilitation Project before moving on to a number of senior management positions in Head Office.

From 1988 to 1993 he was Project Manager for the Perth Urban Rail Electrification Project and Project Director of the Northern Suburbs Railway to Joondalup. He then held the position of General Manager of Engineering and Supply, before joining National Rail Corporation in Sydney in 1996 as Project Director. He returned to Perth in 2000 to take up his current position.





*The last and only passenger on the last train to travel the  
272km Leonora to Kalgoorlie line in 1973 before the conversion  
to standard gauge. The new line commenced operation on  
16 September 1974.*

*Courtesy of Battye Library BA 369/ME-33*



# Organisational Structure

**Acting Commissioner of Railways**  
Reece Waldock

**General Manager Urban Passenger**  
Brett Inchley

**Manager Operations**  
Max Collins

**Manager Railcar Maintenance**  
Rod Vermeulen

**Manager Security and Customer Service**  
Steven Furmedge

**Business Manager**  
Pat Italiano

**Safeworking and Training Manager**  
Tim Symons

**General Manager Transwa**  
John Powell

**Manager Operations**  
Les Walton

**General Manager Network & Infrastructure**  
Hugh Smith

**Manager Planning and Property**  
Laurie Piggott

**Manager Infrastructure Systems**  
Phil Schubert

**Asset Development Manager**  
Mike Leach

**Acting Manager Track and Civil**  
Ross Hamilton

**General Manager Finance**  
John Leaf

**Finance and Administration Manager**  
Jeff Steedman

**Management Accountant**  
John Chung

**Contracts and Supply Manager**  
Fred Bahadori

**Project Director New MetroRail**  
Garry Willox

**Deputy Project Director**  
Peter Martinovich

**Director City Project, New MetroRail**  
Richard Mann

**Manager Corporate Issues and Compliance**  
Bernard Martinovich

**Rail Safety Standards Manager**  
John Robertson

**Safeworking Compliance Manager**  
Tim Trigwell

**Occupational Health and Safety and Environmental Manager**  
Christine Teague

**Director People and Organisation Development**  
Rob Lindsay

**People Strategy and Services Manager**  
Sue Howard

**Acting Manager Communications and Corporate Relations**  
Jennifer Heron

**Acting Director Policy Unit**  
Sue McCarrey

# Urban Passenger

## Purpose:

To provide a metropolitan rail service that is safe, reliable and responsive to customer needs.

## Aim:

To be the preferred provider of metropolitan transport services.



The Urban Passenger Services Group is responsible for the operation and management of Perth's urban rail passenger service in accordance with a Service Level Agreement with the Department for Planning and Infrastructure.

The suburban railway system consists of 56 stations and four railway lines radiating outwards from Perth. WAGR operates train services between Perth and Currambine (29 kms), Perth and Fremantle (19 kms), Perth and Armadale (31 kms) and Perth and Midland (16 kms). The rail track to Armadale, Fremantle and Midland was constructed about 100 years ago. Electrification of the network was completed in September 1991. The electrified line to Joondalup opened in March 1993.

## Performance

There are more than 4600 services each week on the urban rail system. These services have operated at an excellent level of on-time running, or punctuality, throughout the year, with 96.4% arriving within three minutes of schedule. The result would have been even higher (97.4%) had it not been for the disruptive impact of engineering works.

## Customer Satisfaction

An annual survey is conducted by independent marketing consultants to measure performance and indicate passengers' overall satisfaction with the service. Some highlights from this year's survey include:

- customer satisfaction levels were again high at 92% (91% last year);
- satisfaction with staff manner at the walk-in information centre at city station rose to 87% (78% last year), and satisfaction with staff knowledge was 88% (82% last year);
- satisfaction with service frequency on weekends was 66% (57% last year);
- safety rating on stations during the day was high again at 96% (96% last year); and
- safety rating on board trains during the day was high again at 90% (93% last year); and
- use of Internet information service for rail was 76% (up from 67% last year).

Our commitment to service means we value and respect feedback from our customers. All customer feedback is recorded in a centralised management information system and disseminated for action. There were 1474 items of customer feedback this year compared to 1166 last year.



*Governor Stirling diesel electric railcar.  
The first diesel electric railcars, the Governor Class were  
introduced to Australia in 1937.*

*Courtesy of Battye Library BA 369/DD-21*

## Key Improvements

There is a continued commitment to a customer focus program that includes quality assurance, risk management and competency-based training. The Electrical Multiple Units Railcar Depot retained certification to ISO 9001/2000 for the preventative maintenance, modification and cleaning of electric railcars.

A program to convert the seating arrangements in railcars was completed during the year. A longitudinal format was introduced with the loss of only four seats. This provides increased standing space to ease congestion on some peak services. The additional space encourages passengers to move down the aisles away from the doorways.

The program to retrofit the existing railcar fleet with new features to improve access progressed during the year. This includes high visibility handrails, improved height and location of door operating buttons, digital station messaging system, Global Positioning System-based announcements, a centrally monitored video surveillance system (CCTV) and four multi-purpose bays per railcar to accommodate bicycles.

Station facilities were also upgraded at Claisebrook, Swanbourne and City West. This included reducing the gap between platforms and railcars, the introduction of tactile paving, enhanced lighting, new signage and improved platform access for all patrons.

Planning is also well advanced for major station upgrades at Armadale, Gosnells and Bassendean. The scope of work will include improved parking, universal access and security features.

Installation of change machines at selected stations is almost complete with 13 stations now equipped. Equipping the remaining stations, Bayswater and Cannington, will be completed next year.

## Passenger Security

There has been a continued commitment to enhanced security on the urban rail network. Many initiatives have commenced or are about to commence. These include:

- full deployment of a team of 50 State Police patrolling the rail system, particularly after dark;
- at least two security personnel on board all night-trains;
- progressive introduction of Transit Guards since September 2002; and
- an investment in infrastructure to reduce fare evasion and improve station security, including video surveillance at more stations with centralised monitoring, barrier entries at selected stations, upgrades to lighting at stations and secured car parks at selected stations. These measures are well advanced and are scheduled for completion by June 2004.



# Transwa

## Purpose:

To provide customer focused, safe and cost effective passenger transport services for Western Australians.

## Aim:

To be recognised as the best regional passenger transport system.



Operating under the slogan *Making the Connection to Regional Western Australia*, Transwa (formerly known as Country Passenger) provided passenger train and coach services to almost half a million passengers in the southern and south-west regions of Western Australia

Country rail services consist of:

- the *Australind*  
(twice daily between Perth and Bunbury);
- the *Prospector*  
(daily service between Perth and Kalgoorlie); and
- the *AvonLink*  
(daily service, Monday to Friday, between Midland and Northam).

A comprehensive coach network extends north to Kalbarri, Geraldton and Meekatharra, south to Augusta, Pemberton and Albany, and east to Esperance. A return coach service is also provided three times each week between Kalgoorlie and Esperance.

## Capital Works

### New *Prospector* and *AvonLink*

Construction of the new *Prospector* and *AvonLink* rail cars, worth \$57.5 million, is the major ongoing capital project for Transwa. With the project on budget to date, it is planned to introduce the new services, subject to satisfactory completion of trials, towards the end of 2003.

The nine railcars, being built by United Goninan, will have a host of features including:

- fast train status with speeds up to 160kmh;
- personal air conditioning controls;
- power outlets for laptop computers;
- telephone and facsimile access;
- musical and video entertainment on the *Prospector* (music channels only on the *AvonLink*);
- 'driver's cam' offering a driver's eye view of the track ahead (*Prospector* only); and
- powered ramps to assist access by passengers with mobility difficulties.

### Coaches

Work was substantially completed on the construction of the new fleet of 21 coaches.

The first coach will commence service in July and the final vehicle is scheduled for delivery before the end of 2003.

The new vehicles are of the latest design and feature devices to assist passengers with mobility difficulties, such as wheelchair lifts and storage for wheelchairs. Western Australian content in the coaches is approximately 40%, including bodywork and internal fit-out.

## Other Projects

A number of smaller capital projects have progressed during the year.

- Planning was undertaken to improve passenger access by raising the platforms to railcar height at Serpentine and Mundijong on the Bunbury railway line. Work is currently under way at Merredin and Tammin on the Kalgoorlie line.
- Station design work has been completed to improve rail passenger access for Northam, Kellerberrin, Cunderdin, Bodallin, Burracoppin, Southern Cross, Moorine Rock and Bonnievale. Construction work is scheduled for completion during the new financial year.
- A mock-up of sections of the new *Prospector* and *AvonLink* railcars was exhibited at the Kalgoorlie/ Boulder Fair and the Perth Royal Show. An estimated 25,000 people took the opportunity to view the new trains.
- The repainting of the *Australind* rail cars was substantially completed together with minor refurbishment and a range of mechanical improvements including the provision of crossing lights as recommended in recent overseas studies.
- The re-branding to Transwa of country rail and coach services. The project included signage at 275 locations, uniforms, stationery and advertising materials and was successfully launched through a media campaign.
- The new Transwa website was prepared for launch on July 1 2003 to enable direct access for some types of travel bookings. Improved operational efficiencies are expected to flow from this initiative.

## Passenger Profile

Transwa coach services were used by 231,736 passengers during 2002/2003. This compares to 256,999 passengers on Transwa country passenger trains.

### Profile of Coach Customers

|                | 2002 | 2003 |
|----------------|------|------|
| Adult          | 25%  | 26%  |
| Pensioner free | 18%  | 18%  |
| Concessions    | 57%  | 56%  |

### Profile of Rail Customers

|                | 2002 | 2003 |
|----------------|------|------|
| Adult          | 36%  | 38%  |
| Pensioner free | 14%  | 15%  |
| Concessions    | 50%  | 47%  |

Source: Transwa computerised passenger reservations system.

## Our Performance

In conjunction with NFO Donovan Market Research we undertook an extensive passenger satisfaction survey for each major coach and rail route (see table following).

More than 50% of passengers indicated their travel was for visiting family and friends, holidays and social or leisure purposes.

| SURVEY RESULTS      | Overall | Australind | Prospector | Coach |
|---------------------|---------|------------|------------|-------|
| Satisfaction        | 96%     | 96%        | 93%        | 98%   |
| Fare cost           | 94%     | 89%        | 96%        | 99%   |
| Comfort             | 91%     | 95%        | 87%        | 91%   |
| Cleanliness         | 96%     | 97%        | 89%        | 99%   |
| Staff               | 98%     | 97%        | 98%        | 99%   |
| Refreshments        | 93%     | 93%        | 86%        | 97%   |
| Punctuality         | 93%     | 93%        | 90%        | 97%   |
| Speed of trip       | 84%     | 87%        | 70%        | 90%   |
| Reservation service | 93%     | 90%        | 96%        | 96%   |

N.B. Survey results include very satisfied, satisfied and undecided.

A high level of overall satisfaction was indicated. This included fare costs, comfort, cleanliness, staff and the reservation system.

There was a high correlation between the responses on the different services, leading to the following observations:

- The general results of the survey indicate a high degree of acceptance of Transwa services by passengers;
- Issues of concern raised by passengers of the *Prospector* services related to speed of the journey, refreshments and comfort. These issues relate very much to the age of the railcars; and
- The results of the survey provide a very good base for initiating ongoing improvements in Transwa services.







## Transwa

### Call Centre Response

The key performance target in our reservations call centre is to answer 95% of calls within 40 seconds. The results are as follows:

|                            | 2001 – 2002 | 2002 – 2003 |
|----------------------------|-------------|-------------|
| Calls received             | 402,503     | 386,550     |
| Answered within 40 seconds | 382,471     | 369,063     |
| Percentage                 | 95.02%      | 95.48%      |

### Lost-time Accidents

There has been a strong emphasis on safety with the development of appropriate training for personnel throughout the Division. This has been reflected in only seven lost-time accidents for the year, due in the main to luggage-handling incidents. It is intended that training for staff in this aspect of their duties will continue.

### Training

The Division is continuing to enhance its provision of service to the wider community through ongoing staff training programs.

Following on from the Customer Focussed Team training course conducted last year, a course is being developed specific to Transwa operations, incorporating cross-cultural awareness and disability awareness. The course carries nationally recognised qualifications in the application of customer-service skills and will be attended by all Transwa staff.

Ongoing training in skills such as computer applications, luggage handling and communications are continuing as required.



*The official Kalgoorlie launch ceremony of the Prospector service was held in December 1971. The Prospector service was to replace the 'Kalgoorlie' overnight train service which had previously operated since 1897.*

*Courtesy of Battye Library BA369/EB-15*

# Network & Infrastructure

## Purpose:

To provide and manage publicly-owned railway land and infrastructure to the satisfaction of our customers and Government, particularly with respect to safety, availability, reliability and cost.

## Aim:

To be recognised by customers as providing an excellent service.



## Managing the Network

The Network and Infrastructure Division is responsible for the management and maintenance of WAGR's urban and country railway infrastructure. This is done in compliance with the WAGR Safety Management System accredited to Australian Standard AS4292.

The Division is also responsible for managing WAGR's property and the disposal of any surplus property. It also, on behalf of the Rail Corridor Minister, manages the corridor land on which the freight rail network is located and the lease of the freight railway.

Network and Infrastructure manages access to the WAGR network, ensuring the requirements of the *Railways (Access) Act 1998* are met by external operators.

## Our Performance

The Network and Infrastructure Division has successfully maintained WAGR's urban network to a high standard of reliability, and has responded efficiently to faults when they have occurred. This has contributed to the organisation's achievement of a 96.4% on-time running result.

### Safety

A strong focus on safety has been maintained during the year resulting in no lost-time accidents.

## Capital Works

### Security Project

Key elements of this project are the development of a centrally-monitored video surveillance system (CCTV) providing images of entry and exit points at all 56 metropolitan stations, and improved station lighting.

Works carried out on this project this year included:

- successful trials of an Integrated Platform Equipment prototype at City West Station, including audio loops for hearing-impaired people and platform displays;
- completion of infrastructure for improved lighting on the Midland Line, to be commissioned together with similar infrastructure on the Fremantle Line in September 2003.
- installation of a fibre-optic communications backbone completed on the Fremantle and Midland lines. Work has commenced on the Armadale Line with completion due in early 2004.

### Secure Car Parks

- Design completed and associated ticketing machines specified.

## Station Improvements

The State Government's *Building Better Train Stations* program continued to fulfil an important part of the State Government's election commitment to better integrated transport infrastructure.

As the Minister for Planning and Infrastructure, the Hon. Alannah MacTiernan MLA said:

"More attractive and safer railway stations, with better access to town centres will not only encourage people to use our train services, they can also bring new customers to local businesses".

### Armadale Station

---

Design complete.

This project involves the relocation of Armadale Station to create a new focal point for the Armadale Town Centre, as part of Department for Planning and Infrastructure's *Vision for the Armadale Station Precinct* report.

### Gosnells Station

---

Design complete.

Involves the relocation of Gosnells Station in accordance with the City of Gosnells' *Revitalisation of Gosnells Town Centre* study to create a new focal point for Gosnells Town Centre.

### Bassendean Station

---

Design complete and construction commenced.

Includes a major upgrade of the Bassendean Station incorporating the outcomes of the *Enquiry by Design Precinct* study. A new pedestrian over-bridge with three lifts forms part of the new bus-rail interchange to provide universal access to all patrons.

### Perth Station Accommodation

---

Construction completed.

Office accommodation for Transit Guards to the underside of the William Street bridge, and the central monitoring room for the new security closed circuit television system were completed. A new Transperth Information Office at the main entry was also completed.

### Kelmscott Station

---

Enquiry by design process run, and initial designs prepared.

### Claisebrook Station

---

New shelters, improved platform access and upgraded passenger facilities completed.

### Universal Access Upgrades

These projects involve the upgrade of several stations in the urban network to meet the requirements of the *Disability Discrimination Act*, including platform modifications to remove the gap between the platform and railcars, and ramp adjustments to meet the current standards for disability access. Tactile ground surface indicators will also be installed as part of this project.

### Swanbourne Station

---

Access upgrade and principal shared path improvements completed.

### Mosman Park Station

---

Station access upgrade designed and construction commenced.

### McIver Station

---

Access design complete and put to tender.

### Fremantle, Midland & Bayswater Stations

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Tactile ground indicators designed and tendered for.

### City West Station

---

Station access upgrade completed.

### Remote Stations

---

This project involves the upgrade of country rail stations to meet the requirements of the *Disability Discrimination Act*. Works involve provision of a raised platform to railcar threshold level, within acceptable clearance tolerances. These works include provision of ramps, stairs, lighting and pathways. This work has been completed at Brunswick, Pinjarra and Waroona. Work has begun at Serpentine, Mundijong and Merredin.

The refurbishing of the station platform at Beverley to heritage standards is also nearing completion.

# Network & Infrastructure

## Track Works

Key track works included:

- replacement of the Nicholson Road Subway bridge deck in conjunction with the installation of an underpass for the City of Subiaco.
- replacement and upgrade of the crossover at Mt Lawley to a heavier rail weight.
- replacement of concrete sleepers commenced at a number of stations in conjunction with the upgrades, from Fremantle to Showgrounds on both mains and from Showgrounds to City West on one main.

## Other Projects

### Infrastructure Systems

An online passenger ticket booking for Transwa via the Internet was developed.

The Information Technology section installed the necessary IT infrastructure and systems enabling the Department for Planning and Infrastructure's School Bus Services and Transperth, with its call centre, to be successfully moved to the Westrail Centre in preparation for the formation of the Public Transport Authority.

The Information Technology section achieved certification for all services to ISO 9001.

Work commenced on the modernisation of the telecommunications infrastructure to cater for the increased demands of the Public Transport Authority

### Level Crossings

Numerous level crossing mechanisms were renewed across the system and level crossings on the Midland Line were upgraded with the installation of light emitting diode lamp technology (LED).

All 'Don't Walk' warning lamps at pedestrian crossings adjacent to road level crossings were also replaced by LED lamp technology, reducing the electricity consumed by the lamps by 70%. This has reduced maintenance costs and improved reliability.

## Westrail Centre

Sections of the Westrail Centre (soon to be renamed the Public Transport Centre) were refurbished to house the PTA head office including New MetroRail. This work included upgrades to the lifts and fit-out to various floors. Improvements to the security systems will also be made over the next few months.

### Land Rationalisation

Budgeted income was above target due to sale and lease of properties delayed in the previous year.

Sale of WAGR's housing portfolio is half-way through a four-year program and on target. A total of 175 properties will be sold.

The planning process to rezone surplus sites before disposal is underway at Robb's Jetty, Claremont, Leighton, Kalgoorlie and various smaller sites.

### Kewdale Freight Terminal

Expressions of interest have been called for development of inter-modal facilities consistent with *Freight Network Review* outcomes.

### Third Party Access

WAGR's *Train Path Policy*, *Train Management Guidelines* and *Segregation Arrangements* were approved by the Rail Access Regulator.



# People and Organisational Development

## **Purpose:**

To provide effective customer focused people services consistent with the organisation's purpose, aim and values.

## **Aim:**

To establish WA Government Railways as an employer of choice.



The People and Organisational Development Directorate provides labour relations, human resource, payroll, workers' compensation claims management and organisational development services. It is committed to enhancing and assisting performance at the divisional and individual level, consistent with WAGR's purpose, aim and values.

The Directorate provides advice and assistance with:

- recruitment and selection;
- human resource management standards compliance;
- classification review;
- people policies and procedures;
- equity;
- grievance resolution;
- labour relations matters;
- injury and claims management;
- payroll; and
- organisational development.

## **Key Achievements**

### **Industrial Relations**

All current enterprise bargaining agreements were varied this year by agreement with the relevant unions, consistent with Government Wages Policy.

Preparation has commenced for the next 'round' of bargaining negotiations with the Australian Rail Bus and Tram Industry Union, Australian

Services Union and the Association of Professional Engineers, Scientists and Managers, Australia commencing in the last quarter of 2003.

Workplace Agreements are being progressively phased out consistent with Government policy and transitional provisions for the discontinuance of State workplace agreements.

Agreement to replace the majority of statutory contracts should be possible once the new Enterprise Bargaining Agreements have been registered.

All labour relations grievances arising during the financial year were resolved without time lost through industrial action.

Other major activities included the introduction of strategies to facilitate performance management and address discipline related matters, single point of contact for enquiries to provide timely and consistent information to workplace managers and employees and a review of all awards and industrial agreements to standardise interpretations.

### **Grievance Resolution and Equity Policies**

Revised Grievance Resolution and Equity Policies were launched as part of the equity training for all staff and nominations for contact officers were called.

WAGR is committed to providing a fair, safe and harassment-free work environment, and aims to achieve equality of opportunity for all. The revised policies provide a framework where timely resolution of employee grievances foster an environment where employees can raise concerns and have them dealt with in a confidential manner.

#### **Staff Induction and Recruitment Policies**

Staff induction policy and processes have been fully implemented across the organisation as have recruitment, selection and appointment policies and processes.

#### **Training**

WAGR is implementing a workplace training system to establish a consistent, auditable training and assessment process to ensure its workforce is appropriately trained and competent.

A Cross-Divisional Training Committee has been established to oversee the specific training priorities in the Training Plan. The main focus of the committee is to ensure that appropriate strategies are used to address training priorities.

To facilitate consistent use of the training system the Committee is also charged with improving the understanding in the workplace of the organisation's commitment to skill development and pride in each employee's achievement of competence.

#### **Leadership Training**

Leadership training consistent with Frontline management competencies was commenced, with a cross-divisional pilot group commencing in March. Following a review of the program it is anticipated further groups will undertake leadership training in 2003-2004.

#### **Performance and Development Plans**

The Performance and Development Plan (PDP) process ensures a link between the strategic and operational plans, and the key tasks and projects being carried out by individuals. The process was implemented through a top-down approach, beginning with the Executive.

Training sessions for managers was part of the launch of the process, with training for staff conducted in localised work areas by People and Organisational Development. It is scheduled for each individual to have an operating plan in place by the end of the business cycle.

#### **Redeployees**

In the last financial year suitable redeployment outcomes have been achieved in 25% of redeployment cases. Displaced staff have continued to receive Career Transition Support Services in a variety of areas including one-on-one training in interview and curriculum vitae preparation, on-the-job training, retirement counselling, workplace language and literacy and life skills.

#### **Workplace English Language & Literacy**

The Workplace English Language and Literacy Program has been conducted for the second year at WAGR. The program has continued to focus on improving employees' basic computer skills and focuses on literacy in the workplace. Where literacy problems are identified, programs are available to assist staff.

#### **Equal Employment Opportunity Outcomes (EEO)**

WAGR has performed well against its EEO performance objectives in most areas. Equity and grievance resolution training has been provided to employees and a family room facility has been provided to give greater workplace flexibility.

|                                            | % Representation |           | Equity Index |           |
|--------------------------------------------|------------------|-----------|--------------|-----------|
|                                            | Actual           | Objective | Actual       | Objective |
| Women                                      | 14.8%            | 17%       | 72           | 76        |
| People from culturally diverse backgrounds | 13.6%            | 9.3%      | 121          | 122       |
| Indigenous Australians                     | 0.9%             | 2.1%      | N/A          | 11        |
| People with Disabilities                   | 5.4%             | 5.6%      | 98           | 105       |
| Youth                                      | 4.7%             | 3.7%      | N/A          | N/A       |



# People and Organisational Development

## Cultural Diversity and Language Services Outcomes

All Transit Guards have been provided with cross-cultural awareness training to equip them with the skills and knowledge necessary to work and effectively communicate in a socially diverse environment. The employment of people from culturally diverse backgrounds at WAGR has increased and includes Aboriginal Liaison Officers.

## Youth Outcomes

Consistent with Government policy, new employment opportunities for young people at WAGR were created with the introduction of a structured Graduate Program for newly qualified engineers and business graduates. WAGR employed seven graduates. Vacation employment was again provided to engineering students during their summer break. Young people have actively participated in a positive and meaningful way through membership of the Customer Service Council.

## Business Improvement

The People and Organisational Development Directorate was a pilot area for the new Business Management System, which was delivered through a new Intranet for the organisation. As a result employees will have online access to information such as their employment conditions and policies

on well-being, workforce mobility and training. In addition employees will have online access through a web kiosk to their payroll, leave and employment details.

## Standards in HR Management

One breach of the Recruitment, Selection and Appointment Standard in Human Resources Management was detected during 2002/2003.

## Our Staff

### WAGR employed 782 staff as of 30 June 2003

|                            |            |
|----------------------------|------------|
| Commission                 | 76*        |
| Finance                    | 18         |
| Urban Passenger            | 431        |
| Country Passenger          | 105        |
| Network and Infrastructure | 121        |
| New MetroRail              | 31         |
| <b>TOTAL</b>               | <b>782</b> |

\* Includes 33 redeployees







# New MetroRail

## Purpose:

To implement the Government's strategy to expand the public transport network to the north-west (Clarkson), south-east (Thornlie) and south-west (Mandurah) corridors of the Perth metropolitan area.

## Aim:

To build the New MetroRail Project on time, on budget and to the highest standards of excellence and safety.



The Government is well on track to fulfil its promise to supply a high-quality, rapid public transport system through the south-west metropolitan area to Mandurah-the South West Metropolitan Railway. It is also on schedule with an extension of the Northern Suburbs Transit System (NSTS) to Clarkson, infrastructure improvements on the Armadale Line between Victoria Park and Beckenham and construction of a spur railway line to Thornlie. These works constitute the New MetroRail Project (NMR)- formerly Perth Urban Rail Development -the largest public transport project undertaken in this State. The total cost of the project is \$1,419 million.

WAGR is responsible for the project management and delivery of the NMR Project. The NMR Directorate is headed by the Project Director, Garry Willox, with a project office of 65 staff and consultants. The City Project is headed by the Director, Richard Mann, who currently has a team of 11 staff and consultants managing this part of the project.

## Legislation

The enabling legislation for construction of a railway from Jandakot to Perth was passed in November 2002. This complements the enabling legislation passed in 1999 for the balance of the railway construction. Together, they effectively allow construction of the railway to Mandurah to proceed.

## Environmental Review

The Public Environmental Review for the South West Metropolitan Railway was released for public review in early December 2002 and the public submission period closed on 10 February 2003. The Environmental Protection Authority released the public Bulletin containing the proposed environmental conditions in July 2003. This is in the final review stage with the relevant stakeholders. It is anticipated the final environmental clearance for the South West Metropolitan Railway will be achieved by late September 2003.

## Railcars

A contract for the supply and maintenance of 93 new railcars was let in May 2002 and the first unit is due to be received in March 2004. This order will double the size of the railcar fleet in Perth. Delivery of the cars is planned in order to achieve the various target service commencement dates.

Construction of the infrastructure has been programmed to meet the service delivery timeframes.

# *New MetroRail*

## **New MetroRail Infrastructure - Progress to 30 June 2003**

### **NSTS Extension to Clarkson:**

During the period under review, the Burns Beach Road railway bridge was completed. Bulk earthworks were also completed and construction on the railway infrastructure, which is due for completion in December 2004, began.

Work started on the new Currambine (completion due late 2004) and Clarkson (completion due late 2004) Stations. Designs were completed for the new Greenwood Station and tenders are due to be called in October 2003.

Tenders were received for the NSTS Platform extensions with a contract expected to be awarded in August 2003.

Work started on the Nowergup Railcar Depot, which is due for completion in March 2004.

### **Perth to Thornlie:**

Design work was completed for the Victoria Park Station and tenders are due to be called in November 2003. Construction started on the upgrading of the Carlisle Station which is due for completion by December 2003.

Tenders were called for bridges and railway infrastructure in Victoria Park area with construction due to begin in October 2003. Gerard Street bridge design work was completed and construction is expected to begin in December 2003.

Tenders were received for the construction of the Beckenham electrical feeder station and work is expected to begin in December 2003.

Work on the second stage of the Kenwick Tunnel started, with completion expected in the middle of 2004. Tenders were called for bridges and railway infrastructure between Kenwick and Thornlie including Thornlie Station.

### **Perth to Mandurah:**

Eight major contract passages will be awarded for this stage. The current status of each package is:

**Package A** (civil, structures and railway infrastructure works) Tenders were called in May and the contract is due to be awarded in February 2004.

**Package B** (stations at Thomsons Lake, Thomas Road and Leda) Design work underway with tenders due in March 2004.

**Package C** (stations at Rockingham, Waikiki and Mandurah) Design work underway with tenders due in June 2004.

**Package D** (stations at Canning Bridge, Leach Highway and South Street) Design work underway with tenders due in January 2004.

**Package E** (MRWA bridge and freeway works including construction of new railway bridge at the Narrows, strengthening part of the new Narrows Bridge and strengthening and widening Mount Henry Bridge) Tenders were called in May 2003. The contract is due to be awarded in December 2003 with construction to commence in early 2004.

**Package F** (tunnels and stations in Perth City from the Narrows Bridge to Perth station yard) Tenders were called in June 2003. The contract is due to be awarded in December 2003 with construction to commence in early 2004.

**Package G** (Train Control and Customer Information System) Tenders being evaluated and the contract expected to be awarded in July 2003.

**Lifts and escalators** Contracts for the supply of lifts and escalators were awarded in February and March 2003.

# Performance Indicators (unaudited)

## Strategic Outcomes

The audited performance indicators that cover the key outcome and outputs are reported prior to the financial statements.

### Outcome 1:

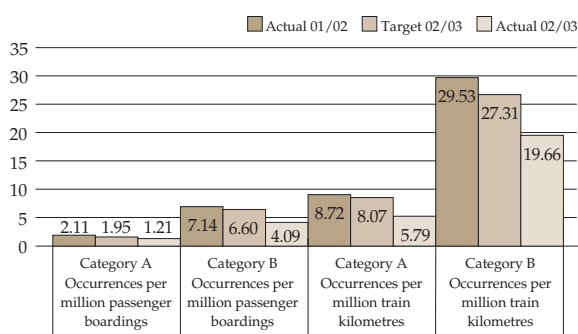
**A high safety standard is continuously achieved**

#### Effectiveness Indicators

##### 1. Notifiable Safety Incidents

Safety incidents are recorded and notified to the Office of Rail Safety. These incidents are termed Notifiable Occurrences and are defined as Category A (serious injury, death, or significant damage) or Category B (potential to cause a serious accident). The performance measure for Category A and B occurrences is expressed as the number of occurrences per million passenger boardings and per million train kilometres. A low level of incidents indicates that sound safety procedures and controls exist and are operating effectively throughout the rail system.

#### SAFETY

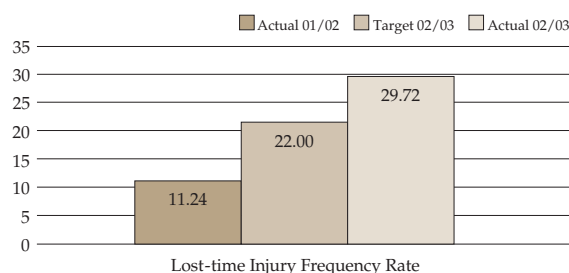


Safety incidents were below target indicating that procedures and controls, particularly in the area of identifying and controlling risk, are operating effectively.

##### 2. Lost-time Injuries

The time lost as a result of work injuries indicates how safe the working environment is for staff, and how effectively policies and procedures, designed to ensure staff safety, are operating. The Lost-time Injury Frequency Rate is a ratio based on the number of lost-time accidents multiplied by 1,000,000 divided by the total hours worked for all employees.

#### LOST-TIME INJURY



The frequency rate has increased because the composition of the workforce has changed significantly. The employment of about 180 transit guards has increased the injury risk profile of the organisation.

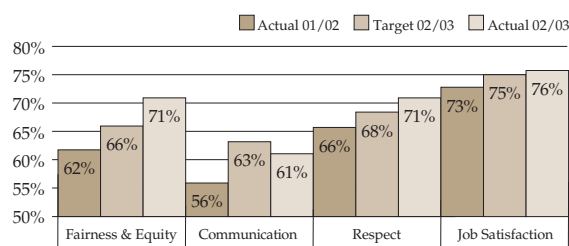
### Outcome 2:

**Committed workforce prepared for current and future needs**

A committed workforce is an integral and essential component to achieve a customer-focused service. WAGR has recently introduced a Rewards and Recognition Program, Personal Development Plans for all staff, and a Well-being Program. These targeted initiatives are expected to result in an increase in staff satisfaction, as measured by an independent survey on an annual basis.

#### Effectiveness Indicator

#### STAFF SATISFACTION SURVEY



These results show that the strategies developed and implemented over the past two years to improve staff satisfaction are delivering measurable improvements.



# Performance Indicators (unaudited)

## Outcome 3:

### Customers are satisfied with the high quality efficient service

Service reliability, expressed as on-time running of services, is ranked as one of the most important characteristics of a quality service by rail patrons from the independent survey.

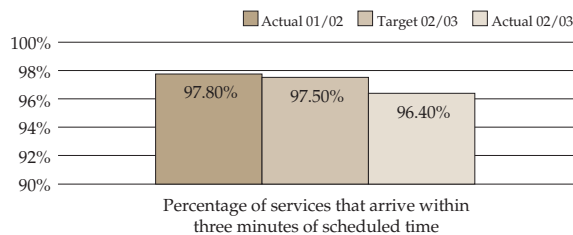
#### Efficiency Indicators

##### On-time Running

##### 1. Urban Rail Passenger Services

The percentage of services that arrive within three minutes of scheduled time measures the efficiency of the system in achieving a high quality, punctual service.

#### SERVICE RELIABILITY - URBAN



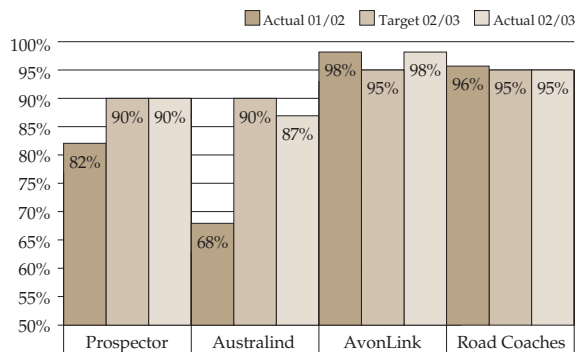
The percentage of services that arrived within three minutes of the scheduled time for 2002/2003 would have been 97.44% had it not been for the disruptive impact of engineering works.

The reliability of the system was consistent with the target.

##### 2. Transwa Rail and Road Coach Passenger Services

For the *Prospector* train service, the on-time running standard is within 15 minutes of scheduled arrival time. For the *Australind* and *AvonLink* train services and road coach services, the on-time running standard is within 10 minutes of scheduled arrival time.

#### SERVICE RELIABILITY - TRANSWA



Reliability was close to target expectations. Significant improvements for the *Prospector* and *Australind* were achieved compared to last year, largely due to negotiation of improved track access and timetabling.

#### Effectiveness Indicators

##### 1. Passenger Satisfaction - Urban

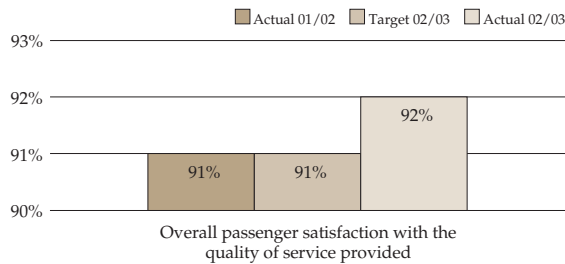
The percentage of patrons that, overall, were satisfied with the rail system measures the public perception of the organisation's performance in providing a high quality attractive urban rail passenger service. The measure is derived from an annual survey conducted by independent consultants who interview a sample of passengers travelling on all lines. An interviewer is assigned over a four week period across all days of the working week and weekend. A questionnaire is used by the interviewer and respondents are asked to refer to the 'last trip' taken at the patrons' usual trip time.

The passenger satisfaction survey results provide an objective, unbiased view over time of patrons' overall satisfaction with the system, e.g. safety, on-time running, courtesy of staff, service frequency and train and station amenities. The information is used by management to develop strategies for improving performance.

# Performance Indicators (unaudited)

## 1. Passenger Satisfaction - Urban (cont'd)

### PASSENGER SATISFACTION - URBAN



This improvement in overall passenger satisfaction indicates that the focus on customer service is being observed by passengers.

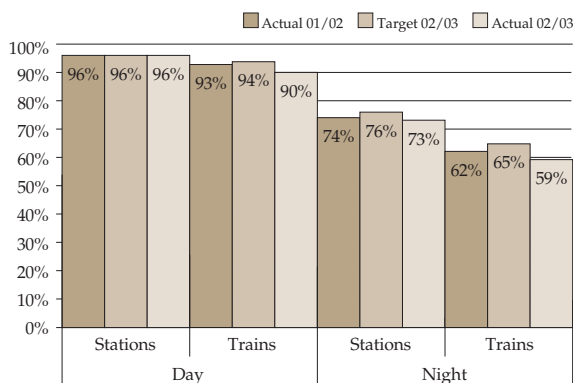
## 2. Passenger Satisfaction – Transwa

In 2003 an independent passenger satisfaction survey was undertaken for each service - *Australind*, *Prospector* and road coaches. The overall satisfaction level was 96% indicating a high level of passenger satisfaction.

## 3. Customer Perception of Safety

How safe customers feel on trains and at stations is an important factor in deciding to use public transport, particularly the urban rail passenger service. WAGR has invested capital funds and increased its security staff to ensure that customers can see tangible measures to increase their safety. Perception is measured by survey and distinguishes between on trains and at stations, at night and during the day.

### CUSTOMER PERCEPTION OF SAFETY



The changes in the perception of safety on trains, both at night and during the day, were somewhat unexpected. The presence of a transit guard on every train is still to be fully implemented with improvement in perceived safety expected next year.

## Outcome 4:

### Quality organisational management

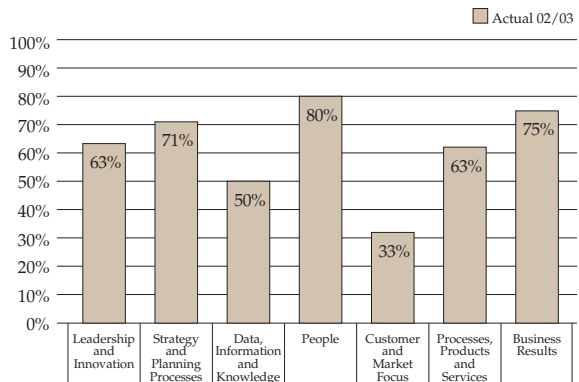
#### Effectiveness Measure

#### Improved management systems - Australian Business Excellence Framework

WAGR has adopted the Australian Business Excellence Framework as an objective measure of its continual review and improvement of management systems. The measure of performance is based on the percentage of identified gaps that are closed or improved on an annual basis.

In 2002/03, 62% of the gaps identified in 1999/00 were closed.

### IDENTIFIED GAPS CLOSED



Those gaps identified during the 2002/03 assessment have been established as priorities for focus over the next few years.

## Outcome 5:

### The long-term value of the rail corridor is protected and the railway infrastructure remains fit for purpose during and after the current lease

#### Effectiveness Measure - Legislative Compliance

WAGR's main activities are to ensure compliance with legislative requirements and obligations under the Corridor Lease.

|               | Legislative Breaches | Lease Breaches |
|---------------|----------------------|----------------|
| Previous Year | 0                    | 0              |
| Target        | 0                    | 0              |
| Current Year  | 0                    | 0              |

# Corporate Issues and Compliance

## Purpose:

To support the organisation in the areas of safety, environment and compliance with relevant legislation.

## Aim:

To be recognised as a valuable resource in supporting the organisation to achieve the highest standard in safety, environment and compliance services through our 'living library' of experience, knowledge and professionalism.



## Safety

### Rail Safety

#### Accreditation

The organisation demonstrated ongoing compliance with the requirements of the *Rail Safety Act 1998* and rail safety accreditation as an owner and operator of a railway.

#### Safety Standards and Measures

The safety management plan addressing the requirements of *Australian Standard AS 4292.1 Railway safety management - Part 1: General and interstate requirements* was revised to take account of ongoing changes made to the organisation, and to responsibilities and authorities. The revised document was submitted to the Director Rail Safety in accordance with the *Rail Safety Act section 10(2)*.

#### Compliance Inspections and Reporting

The annual rail safety compliance audit was conducted by the Office of Rail Safety during November 2002. There were no non-compliances raised, but 19 observations for ongoing improvement were made.

There were no directions issued to undertake remedial safety work as a result of a safety compliance inspection.

The Annual Safety Report dealing with the general conduct of the railway operations for the year ended June 2002 was submitted to the Director Rail Safety on 24 October 2002 in accordance with the *Rail Safety Act section 36(1)*.

There were 165 notifiable occurrences reported to the Director Rail Safety in accordance with the *Rail Safety Act section 38(1)*, an improvement of 19.5% on the previous year.

#### Inquiries and Inspections

There were no independent investigations involving a person's death, serious injury, or major damage to property conducted at the direction of the Director Rail Safety for the year under review.

The Director Rail Safety issued four instructions in accordance with section 39(3) of the *Rail Safety Act* for the organisation to conduct an investigation and provide a written report.

#### Evaluation

The organisation reported a reduction in the number of notifiable occurrences across all categories, with the exception of fire (1) under the *Prospector* railcar and an explosion (1) in the battery box of an electric railcar at the Claisebrook Depot.

There were improvements made during the year to the incident fault reporting system to improve the integrity of the data used for analysis of safety trends and performance management.

Fourteen employees from across the organisation were trained in advanced rail safety investigations. Training was provided by the University of New South Wales and was aligned with the *Australian Standard AS 5022-2001 Guidelines for railway safety investigations*.



## Occupational Safety and Health

The strong focus on occupational safety and health in the organisation was continued throughout the year. This has resulted in an increased knowledge of managing safety issues by all employees. Safety training received a high priority, with training on the development of safety plans being extended to include contractors working on our sites.

Safety committees at local and divisional levels have been established in all areas of the organisation, with more than 40 elected safety representatives undertaking the safety representative's training course.

A computerised system for measuring the risk of fatigue with the various planned shift rosters has been introduced throughout the organisation. This will enable the organisation to demonstrate compliance with the rail safety and occupational safety and health legislation for the management of fatigue. Further work will be undertaken during 2003/2004 to measure the fatigue score of the actual rosters worked, including any overtime or roster changes, against the planned rosters.

The lost-time injury frequency rate for the organisation for the year was 29.7. In the previous year the lost time injury frequency rate was 11.2. The increase is attributed to the changes to the provision of customer and security services on the urban passenger railway system, which resulted in the recruitment of many new Transit Guards. Further training and safety procedures have been developed and implemented to deal with the situation.

The injury-duration rate has fallen from 6.17 days in the previous year to 3.85 days this year, demonstrating the continued commitment to rehabilitation within the organisation.

The organisation is progressing towards achieving accreditation to AS/NZ 4801:2000.

Random testing of employees for alcohol and other drugs continued throughout the year as part of the organisation's alcohol and other drugs control program. No adverse trends were detected during the year.

## Environment

Work progressed during the year on the development of an organisational environmental management system. The environmental aspects and impacts register of the organisation has been completed with appropriate risk controls put in place.

## Disability Services Act

It is recognised people with disabilities should have the same opportunities as others to join in all aspects of community life. This includes access to premises, infrastructure and transport conveyances.

During the year implementation of the Disability Services Plan (Access Plan) in accordance with the Disability Services Act and compliance with the *Disability Standards for Accessible Public Transport 2002* continued.

All new trains and road coaches purchased during the year were in full compliance with the *Disability Standards for Accessible Public Transport 2002*.

Any work carried out to modify or upgrade railway stations, platforms or waiting areas was in accordance with these standards.

### Concessions

There were no concessions applied for by the organisation as exceptional cases or unjustifiable hardship under the *Disability Services Act*.

## Complaints

There were no complaints registered with the Human Rights and Equal Opportunity Commission or the organisation in regard to access to services for the year under review.



## Risk Management

WAGR's Risk Policy has been updated. The Policy has been developed to meet the requirements of *Treasurer's Instruction 825*, *Australian Standard AS/NZS 4360 on Risk Management*, *Rail Safety Act 1998*, *Australian Standard AS 4292.1 Railway Safety Management*, *Common Law Duty of Care*, and the *Occupational Safety and Health Act 1984*.

Risk Management is an integral part of the strategic planning process. An outcome of this process is the Executive adoption of an annual plan that includes:

- Divisional Risk Review Workshops;
- Staff Awareness and Training Programs in Risk Identification, Evaluation and Management;
- Reviewing Risk Treatment Plans and Actions; and
- Internal and External Audit Review and Health checks of Compliance with Risk Policy and Procedures.

Risk Management is also a fundamental aspect of all projects and capital works, and is embedded in every aspect of the New MetroRail Project.

All risks are recorded and managed on a secured central database.



*The Westrail corporate image (1976). The Westrail name and logo were introduced on the 19 September 1975 and continued as a highly recognised brand for WAGR until 17 December 2000 when it was sold along with the freight business.*

*Courtesy of Battye Library BA 369/MB-63*

# Compliance Statements

## Statement of Compliance with Public Sector Standards

WAGR's human resource management policies and practices are subject to ongoing review and, in accordance with section 31 (1) of the *Public Sector Management Act*, comply fully with the Public Sector standards in Human Resource Management.

## Statement of Compliance with relevant written law

### Enabling Legislation

WAGR is under the *Government Railways Act 1904* to direct, manage, maintain and control the Government railways in Western Australia. Currently the Minister responsible for WAGR is the Minister for Planning and Infrastructure.

### Legislation Administered

As stated in Section 8 (2) of the Government Railways Act 1904, the WAGR Commission is responsible for the administration of this Act.

### Legislation Impacting on the WAGR Commission's Activities

In the performance of its functions the Commission complies with all written relevant laws of Western Australia and reports on an annual basis in accordance with the following key legislation:

*Financial Administration and Audit Act 1985; Electoral Act 1907; Equal Opportunity Act 1984; Superannuation and Family Benefit Act 1938; Heritage of Western Australian Act 1990; Freedom of Information Act 1992; State Supply Commission Act 1991; Occupational Safety & Health Act 1994; Public Sector Management Act 1994; Disability Services Act WA No 36 of 1993; Rail Safety Act 1998; Railways (Access) Act 1998; State Trading Concerns Act 1916; Occupational Safety & Health Act 1984 and Environmental Protection Act 1986.*

Other various Agreements/Acts and written laws impact on the WAGR Commission's activities from time to time.

In the financial administration of WAGR we have complied with the requirements of the *Financial Administration and Audit Act 1985*. We have also complied with every other relevant written law and exercised controls to provide reasonable assurance that the receipt and expenditure of monies, the acquisition and disposal of public property and the incurring of liabilities have been in accordance with legislative provisions.

As at the date of signing we are not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.



John Leaf  
Reporting Officer

# Explanation of Major Capital Expenditure Variations

## (a) Budgeted estimates and actual results for 2002/2003

|                                                                                | Budget<br>\$000 | Actual<br>\$000 | Variation<br>\$000 | Comments                     |
|--------------------------------------------------------------------------------|-----------------|-----------------|--------------------|------------------------------|
| <b>URBAN PASSENGER SERVICES</b>                                                |                 |                 |                    |                              |
| Bassendean Station Upgrade                                                     | 2,200           | 927             | 1,273              | Project delayed              |
| Armadale Station Upgrade                                                       | 1,432           | 472             | 960                | Project delayed              |
| Gosnells Station Upgrade                                                       | 1,100           | 387             | 713                | Project delayed              |
| Disability Access for Minor Stations                                           | 1,953           | 1,136           | 817                | Project rescheduled          |
| Woodbridge Crossovers                                                          | 1,447           | 510             | 937                | Project rescheduled          |
| Pedestrian Gates - East St, Moore St, Phillimore St                            | 600             | 5               | 595                | Project delayed              |
| Other                                                                          | 35,357          | 22,884          | 12,473             | Projects delayed             |
| <b>Total</b>                                                                   | <b>44,089</b>   | <b>26,320</b>   | <b>17,769</b>      |                              |
| <b>TRANSWA</b>                                                                 |                 |                 |                    |                              |
| Prospector, Australind & AvonLink Railcars                                     | 28,201          | 23,973          | 4,228              | Project delayed              |
| Road Coaches                                                                   | 5,000           | 9,154           | (4,154)            | Funding brought forward      |
| Other                                                                          | 200             | 9               | 191                | Project rescheduled          |
| <b>Total</b>                                                                   | <b>33,401</b>   | <b>33,137</b>   | <b>264</b>         |                              |
| <b>CORPORATE</b>                                                               |                 |                 |                    |                              |
| Computing Hardware & Software                                                  | 1,873           | 917             | 956                | Projects rescheduled         |
| Geraldton Southern Rail Corridor                                               | 2,656           | 2,073           | 583                | Project commencement delayed |
| <b>Total</b>                                                                   | <b>4,529</b>    | <b>2,990</b>    | <b>1,539</b>       |                              |
| <b>NEW METRORAIL</b>                                                           | <b>107,525</b>  | <b>77,259</b>   | <b>30,266</b>      |                              |
| <b>WAGR TOTAL</b>                                                              | <b>189,544</b>  | <b>139,706</b>  | <b>49,838</b>      |                              |
| Note                                                                           |                 |                 |                    |                              |
| Department for Planning and Infrastructure - Urban Security Initiative Project | 12,800          | 5,839           | 6,961              |                              |
| <b>GRAND TOTAL</b>                                                             | <b>202,344</b>  | <b>145,545</b>  | <b>56,799</b>      |                              |



## Explanation of Major Capital Expenditure Variations

|                                                                    | 2003<br>\$000  | 2002<br>\$000  | Variation<br>\$000 |
|--------------------------------------------------------------------|----------------|----------------|--------------------|
| <b>(b) Actual results for 2002/2003 compared to preceding year</b> |                |                |                    |
| Urban Passenger Services                                           | 26,320         | 20,733         | 5,587              |
| Transwa                                                            | 33,137         | 13,398         | 19,739             |
| Corporate                                                          | 2,990          | 7,894          | (4,904)            |
| New MetroRail                                                      | 77,259         | 60,250         | 17,009             |
| <b>TOTAL CAPITAL EXPENDITURE</b>                                   | <b>139,706</b> | <b>102,275</b> | <b>37,431</b>      |

### (c) Major Uncompleted Works

| Description of Work                      | Estimated Total Cost<br>(as per Treasury Budget)<br>\$000 | Estimated Cost<br>to Complete<br>\$000 | Year of<br>Completion |
|------------------------------------------|-----------------------------------------------------------|----------------------------------------|-----------------------|
| New MetroRail Infrastructure             | 1,100,753                                                 | 998,272                                | 2007/2008             |
| New MetroRail Railcars                   | 300,000                                                   | 228,400                                | 2007/2008             |
| Geraldton Southern Rail Corridor         | 53,000                                                    | 48,347                                 | 2005/2006             |
| Prospector - Australind - AvonLink       | 59,000                                                    | 14,379                                 | 2003/2004             |
| Split & Replace Radio System             | 12,506                                                    | 12,373                                 | 2006/2007             |
| Perway Track & Associated Works          | 20,746                                                    | 10,814                                 | 2006/2007             |
| EMU Railcar Modifications                | 22,010                                                    | 10,132                                 | 2004/2005             |
| Hepburn Avenue Train Station (Greenwood) | 7,717                                                     | 7,681                                  | 2003/2004             |
| Gosnells Station Upgrade                 | 6,000                                                     | 5,613                                  | 2003/2004             |
| Armadale Station Upgrade                 | 6,072                                                     | 5,600                                  | 2003/2004             |
| New Train Control Centre                 | 5,000                                                     | 4,978                                  | 2004/2005             |
| Bassendean Station Upgrade               | 5,500                                                     | 4,573                                  | 2003/2004             |
| Other Station Upgrades                   | 3,600                                                     | 3,403                                  | 2005/2006             |
| Midland Station Interchange              | 3,000                                                     | 3,000                                  | 2004/2005             |
| Disability Access for Minor Stations     | 4,000                                                     | 2,864                                  | 2004/2005             |
| Joondalup Special Event                  | 2,200                                                     | 2,200                                  | 2004/2005             |
| Applications Transition project          | 4,290                                                     | 2,116                                  | 2003/2004             |
| Kelmscott Station Upgrade                | 2,100                                                     | 2,083                                  | 2003/2004             |
| Minor Works - Urban                      | 3,940                                                     | 2,049                                  | 2005/2006             |
| Claremont Station Upgrade                | 2,000                                                     | 1,989                                  | 2003/2004             |
| Cyclic Maint/Concrete Resleeper Program  | 9,236                                                     | 1,433                                  | 2003/2004             |
| Woodbridge Crossovers                    | 1,447                                                     | 937                                    | 2003/2004             |
| Replacement Road Coaches                 | 10,000                                                    | 846                                    | 2003/2004             |

### (d) Major Completed Works

|                               | Total Cost<br>\$000 |
|-------------------------------|---------------------|
| Land and Buildings            | 4,285               |
| Plant, Equipment and Vehicles | 3,414               |
| <b>TOTAL</b>                  | <b>7,699</b>        |

## *The Electoral Act 1907-Section 175ZE*

Under section 175ZE of the above mentioned Act, WAGR is required to disclose expenditure for advertising agencies, market research organisations, polling organisations, direct mail organisations, and media advertising organisation costs. The following costs were recorded against these items:

|                                         | <b>2003</b>    |
|-----------------------------------------|----------------|
|                                         | <b>\$</b>      |
| <b>Advertising agencies:</b>            |                |
| Ascot Sign Company                      | 2,586          |
| Definition                              | 34,134         |
| Design Design Graphic Management        | 35,170         |
| Discus Digital Print                    | 19,459         |
| Exposure Digital                        | 15,114         |
| Splash Writing and Design               | 15,771         |
| Templar Marketing WA                    | 1,274          |
|                                         | <b>123,508</b> |
| <b>Market research organisations:</b>   |                |
| BSD Consultants Pty Ltd                 | 307,875        |
| Centre for Industry Research            | 41,667         |
| Donovan Research                        | 1,900          |
| Market Equity                           | 12,550         |
| Picton Press                            | 14,751         |
|                                         | <b>378,743</b> |
| <b>Polling organisations:</b>           | Nil            |
| <b>Direct mail organisations:</b>       |                |
| PMP Print                               | <b>1,645</b>   |
| <b>Media advertising organisations:</b> |                |
| Advance Press                           | 8,685          |
| Marketforce Limited                     | 298,721        |
| Media Decisions                         | 27,884         |
| State Law Publisher                     | 10,133         |
|                                         | <b>345,423</b> |
| <b>TOTAL</b>                            | <b>849,319</b> |

# Performance Indicators (audited)

## Outcome

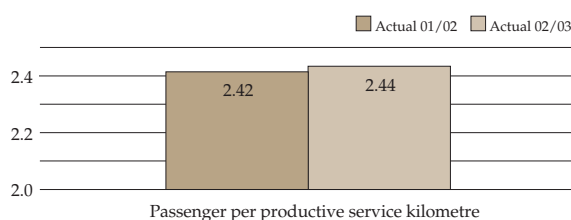
### Increase the use of public transport

#### Effectiveness Indicators - Passengers per service kilometre

WAGR's purpose is to increase the use of public transport through the provision of customer-focused, safe and cost effective passenger transport services for West Australians. The annual increase in patronage is measured as the number of passengers per productive service kilometre. A productive service kilometre is a kilometre where passengers are carried.

#### 1. Urban Rail Passenger Services

##### PATRONAGE



At peak service times the system is operating at capacity. The marginal increase in patronage is largely attributable to passengers travelling during off-peak times and at special events.

#### 2. Transwa Passenger Services

##### PATRONAGE



Patronage was at a very similar level to the previous year.

## Outputs

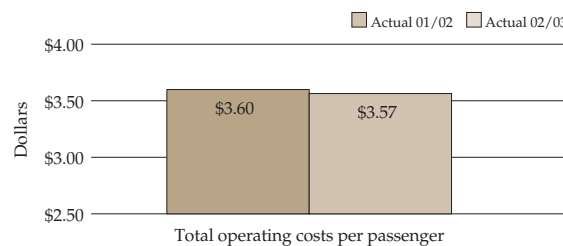
### Output 1:

#### Urban rail passenger services

#### Efficiency Indicator – Total operating cost per passenger

The total operating cost per passenger measures the cost efficiency of providing passenger services, expressed as the cost per passenger. It is calculated by dividing the total annual operating cost by the number of passengers.

##### EFFICIENCY - URBAN



A slight decrease in the indicator is due to an increase in passenger numbers without a corresponding increase in operating costs.

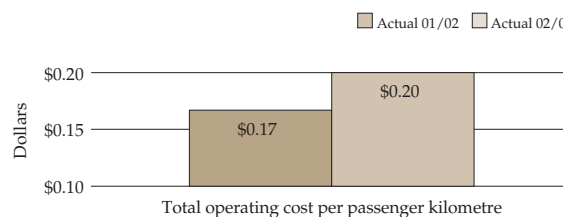
### Output 2:

#### Transwa passenger services

#### Efficiency Indicator – Total operating cost per passenger kilometre

Total operating cost per passenger kilometre measures the cost efficiency of providing passenger services, expressed as the cost of carrying one passenger one kilometre. It is calculated by dividing the total annual operating cost for each service by the number of passengers and kilometres travelled.

##### TRANSWA PASSENGER SERVICES - EFFICIENCY





*Midland Junction Workshop employees 1905-1920's. The Midland Workshops commenced operation in 1904.  
Courtesy of Battye Library 72406P*

## *Performance Indicators (audited)*

### **Efficiency Indicator – Total operating cost per passenger kilometre (cont'd)**

The increase in the indicator was largely attributable to one off costs associated with the launch of the Transwa brand, and information systems improvements to ticketing systems and internet booking.

### **Output 3:**

#### **Rail corridor and residual freight issues management**

#### **Efficiency Indicator - Cost of administering the function**

|                                         | <b>Actual<br/>2003<br/>\$000</b> | <b>Budget<br/>2003<br/>\$000</b> | <b>Actual<br/>2002<br/>\$000</b> |
|-----------------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Corridor and<br>Residual Freight Assets | 1,311                            | 2,260                            | 1,311                            |

Budgeted expenditure included increased work on environmental and heritage issues that did not eventuate in the current year.





## *Certification of Performance Indicators*

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess The Western Australian Government Railways Commission's performance, and fairly represent the performance of The Western Australian Government Railways Commission for the financial year ended 30 June 2003.



J W Leaf  
Reporting Officer  
August 29, 2003

# *Auditor General Independent Audit Opinion*

To the Parliament of Western Australia

## **THE WESTERN AUSTRALIAN GOVERNMENT RAILWAYS COMMISSION PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003**

### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of The Western Australian Government Railways Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended June 30, 2003.

### **Scope**

#### *The Commissioner's Role*

The Commissioner was responsible for developing and maintaining proper records and systems for preparing performance indicators.

#### *The Reporting Officer's Role*

Following the abolition of The Western Australian Government Railways Commission with effect from July 1, 2003 the Treasurer appointed a Reporting Officer under the provisions of section 70A of the Financial Administration and Audit Act 1985 (the Act) who was responsible for preparing the final performance indicators.

The performance indicators consist of key indicators of efficiency and effectiveness.

#### *Summary of my Role*

As required by the Act, I have independently audited the final performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.



D D R PEARSON  
AUDITOR GENERAL  
September 30, 2003

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# Statement of Financial Performance

for the year ended 30 June 2003

|                                                                                                              | NOTES | 2003<br>\$000  | 2002<br>\$000  |
|--------------------------------------------------------------------------------------------------------------|-------|----------------|----------------|
| <b>COST OF SERVICES</b>                                                                                      |       |                |                |
| <b>Expenses from ordinary activities</b>                                                                     |       |                |                |
| Employee expenses                                                                                            | 3     | 46,031         | 35,513         |
| Supplies and services                                                                                        | 4     | 52,982         | 56,116         |
| Depreciation expense                                                                                         | 5     | 35,776         | 36,566         |
| Borrowing costs expense                                                                                      | 6     | 43,656         | 40,661         |
| Operating Lease expense                                                                                      |       | 0              | 4,225          |
| Energy and fuel                                                                                              |       | 8,181          | 7,981          |
| Land Rationalisation expense                                                                                 |       | 3,608          | 2,694          |
| Other expenses from ordinary activities                                                                      | 7     | 6,881          | 3,024          |
| <b>Total cost of services</b>                                                                                |       | <b>197,115</b> | <b>186,780</b> |
| <b>REVENUES FROM ORDINARY ACTIVITIES</b>                                                                     |       |                |                |
| <b>Revenues from operating activities</b>                                                                    |       |                |                |
| Urban Passenger revenue                                                                                      | 8     | 106,947        | 108,822        |
| Transwa revenue                                                                                              | 9     | 7,193          | 7,034          |
| Community Service Obligations                                                                                | 10    | 46,297         | 41,768         |
| Land Rationalisation Lease revenue                                                                           | 11    | 75             | 0              |
| Operating Lease revenue                                                                                      | 12    | 18,140         | 17,654         |
| Proceeds on disposal of non-current assets                                                                   | 13    | 0              | 56             |
| <b>Revenues from non-operating activities</b>                                                                |       |                |                |
| Other revenues from ordinary activities                                                                      | 14    | 18,741         | 13,915         |
| Interest revenue                                                                                             |       | 661            | 767            |
| <b>Total revenues from ordinary activities</b>                                                               |       | <b>198,054</b> | <b>190,016</b> |
| <b>NET SURPLUS FROM SERVICES</b>                                                                             |       | <b>(939)</b>   | <b>(3,236)</b> |
| <b>REVENUES FROM STATE GOVERNMENT</b>                                                                        |       |                |                |
| Output appropriation                                                                                         | 15    | 0              | 3,034          |
| Resources received free of charge                                                                            | 15    | 105            | 54             |
| <b>Total Revenues from State Government</b>                                                                  |       | <b>105</b>     | <b>3,088</b>   |
| <b>Change in net assets before income tax equivalent expense</b>                                             |       | <b>1,044</b>   | <b>6,324</b>   |
| Income tax equivalent expense                                                                                | 16    | 0              | 28,099         |
| <b>Change in net assets after income tax equivalent expense</b>                                              |       | <b>1,044</b>   | <b>34,423</b>  |
| <b>CHANGE IN NET ASSETS</b>                                                                                  |       | <b>1,044</b>   | <b>34,423</b>  |
| <b>Total changes in equity other than those resulting from transactions with the WA Government as owners</b> |       | <b>1,044</b>   | <b>34,423</b>  |

The Statement of Financial Performance should be read in conjunction with the accompanying notes.



# Statement of Financial Position

as at 30 June 2003

|                                         | NOTES | 2003<br>\$000    | 2002<br>\$000    |
|-----------------------------------------|-------|------------------|------------------|
| <b>Current Assets</b>                   |       |                  |                  |
| Cash assets                             | 30    | 17,553           | 42,573           |
| Restricted cash assets                  | 17    | 549              | 974              |
| Inventories                             | 18    | 5,363            | 4,728            |
| Receivables                             | 19    | 5,803            | 3,353            |
| Other assets                            | 20    | 231              | 215              |
| <b>Total Current Assets</b>             |       | <b>29,499</b>    | <b>51,843</b>    |
| <b>Non-Current Assets</b>               |       |                  |                  |
| Property, plant, equipment and vehicles | 21    | 1,285,260        | 1,176,900        |
| <b>Total Non-Current Assets</b>         |       | <b>1,285,260</b> | <b>1,176,900</b> |
| <b>TOTAL ASSETS</b>                     |       | <b>1,314,759</b> | <b>1,228,743</b> |
| <b>Current Liabilities</b>              |       |                  |                  |
| Payables                                | 22    | 40,612           | 39,089           |
| Interest-bearing liabilities            | 23    | 9,196            | 14,916           |
| Provisions                              | 24    | 9,169            | 8,197            |
| Other liabilities                       | 25    | 736              | 1,127            |
| Deferred Income - Operating Leases      | 26    | 15,253           | 16,088           |
| <b>Total Current Liabilities</b>        |       | <b>74,966</b>    | <b>79,417</b>    |
| <b>Non-Current Liabilities</b>          |       |                  |                  |
| Interest-bearing liabilities            | 23    | 735,094          | 740,908          |
| Provisions                              | 24    | 1,467            | 1,218            |
| Deferred Income - Operating Leases      | 26    | 242,420          | 250,298          |
| <b>Total Non-Current Liabilities</b>    |       | <b>978,981</b>   | <b>992,424</b>   |
| <b>TOTAL LIABILITIES</b>                |       | <b>1,053,947</b> | <b>1,071,841</b> |
| <b>NET ASSETS</b>                       |       | <b>260,812</b>   | <b>156,902</b>   |
| <b>Equity</b>                           |       |                  |                  |
| Contributed equity                      | 27    | 326,363          | 223,497          |
| Reserves                                | 28    | 18,077           | 18,077           |
| Accumulated surplus/(deficit)           | 29    | (83,628)         | (84,672)         |
| <b>TOTAL EQUITY</b>                     |       | <b>260,812</b>   | <b>156,902</b>   |

The Statement of Financial Position should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

for the year ended 30 June 2003

|                                                                               | NOTES | 2003<br>\$000    | 2002<br>\$000   |
|-------------------------------------------------------------------------------|-------|------------------|-----------------|
| <b>CASH FLOWS FROM GOVERNMENT</b>                                             |       |                  |                 |
| Community Service Obligations                                                 |       | 39,184           | 48,795          |
| Appropriation - land sale proceeds                                            |       | 7,176            | 3,034           |
| Equity contribution - New MetroRail                                           |       | 94,000           | 62,000          |
| Equity contribution - Geraldton Southern Corridor                             |       | 119              | 0               |
| <b>Net cash provided by Government</b>                                        |       | <b>140,479</b>   | <b>113,829</b>  |
| <b>Utilised as follows</b>                                                    |       |                  |                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |       |                  |                 |
| <b>Payments</b>                                                               |       |                  |                 |
| Employee costs                                                                |       | (44,176)         | (36,879)        |
| Supplies and services                                                         |       | (69,934)         | (67,040)        |
| Borrowing costs                                                               |       | (40,808)         | (40,407)        |
| GST payments to taxation authority                                            |       | (188)            | (3,549)         |
| GST on purchases                                                              |       | (21,151)         | (14,008)        |
| <b>Receipts</b>                                                               |       |                  |                 |
| Receipts from customers                                                       |       | 49,306           | 47,558          |
| Urban passenger recoup from Department for Planning and Infrastructure        |       | 84,854           | 85,964          |
| Interest received                                                             |       | 686              | 800             |
| Proceeds from prepaid lease of land                                           |       | 7,375            | 0               |
| GST on sales                                                                  |       | 12,918           | 12,534          |
| GST receipts from taxation authority                                          |       | 5,316            | 4,955           |
| <b>Net cash used in operating activities</b>                                  | 30    | <b>(15,802)</b>  | <b>(10,072)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |       |                  |                 |
| Proceeds from sale of non-current assets - other than Freight Business Assets |       | 0                | 42              |
| Purchase of non-current assets                                                |       | (138,960)        | (94,842)        |
| <b>Net cash used in investing activities</b>                                  |       | <b>(138,960)</b> | <b>(94,800)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |       |                  |                 |
| Proceeds from borrowings                                                      |       | 40,000           | 56,575          |
| Repayment of borrowings                                                       |       | (41,986)         | (37,001)        |
| Other repayments                                                              |       | (9,176)          | (14,813)        |
| <b>Net cash used in financing activities</b>                                  |       | <b>(11,162)</b>  | <b>4,761</b>    |
| <b>Net increase/(decrease) in cash held</b>                                   |       | <b>(25,445)</b>  | <b>13,718</b>   |
| Cash assets at the beginning of the financial year                            |       | 43,547           | 29,829          |
| <b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>                           | 30    | <b>18,102</b>    | <b>43,547</b>   |

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

# *Notes to the Financial Statements*

## *for the year ended 30 June 2003*

### **Note 1 Significant accounting policies**

The Western Australian Government Railways Commission (WAGR) is established under the Government Railways Act 1904 to direct, manage, maintain and control the government railways in Western Australia. All Western Australian government railways are vested in the Minister for Western Australian Government Railways. The Western Australian Government Railways Commission administers these railways.

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

#### **General Statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts, and other authoritative pronouncements of the Australian Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and, where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain non-current assets which, as noted, have been measured at valuation.

#### **(a) Output Appropriations**

Output Appropriations and Community Service Obligations are recognised as revenues in the period in which WAGR gains control of the appropriated funds. WAGR gains control of appropriated funds at the time those funds are deposited into WAGR's bank account.

#### **(b) Contributed Equity**

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. All other transfers have been recognised in the Statement of Financial Performance. Capital appropriations, which were repayable to the Treasurer, are recognised as liabilities.

#### **(c) Grants and Other Contributions Revenue**

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when WAGR obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

#### **(d) Revenue Recognition**

Revenue from the rendering of services, sale of goods and disposal of other assets is recognised when WAGR has delivered the service, or passed control of the goods or other assets, to the customer.

Urban Passenger recoups funds from the Department for Planning and Infrastructure (DPI) for the total cost of the Urban Rail services performed under a service agreement with DPI. The funds recouped are recognised as revenue at the time that WAGR renders invoices to DPI for services performed under the contract on a monthly basis.

# Notes to the Financial Statements

for the year ended 30 June 2003

## Note 1 Significant accounting policies (cont'd)

### (e) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets net of outstanding bank overdrafts. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

### (f) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus the incidental costs directly attributable to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

### (g) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is provided for on the straight line basis using rates that are reviewed annually.

Major depreciation rates for each class of depreciable asset are:

| Class of asset                 | Major depreciation rates |
|--------------------------------|--------------------------|
| Buildings                      | 2%                       |
| Rollingstock                   | 3%                       |
| Permanent way                  | 3%                       |
| Plant and equipment            | 10%                      |
| Motor vehicles                 | 14%                      |
| Protection Equipment           | 3%                       |
| Freight Network Infrastructure | 2%                       |
| Leased Railcars                | 4%                       |

### (h) Employee Benefits

#### Annual leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

### Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits, and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Governments Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The liability for superannuation charges incurred under the Pension Scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, were assumed by State Treasury as part of the financial restructure arrangement entered into with State Treasury in July 1996.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to GESB.



# Notes to the Financial Statements

## for the year ended 30 June 2003

### **Note 1 Significant accounting policies (cont'd)**

The note disclosure required by paragraph 6.10 of AASB 1028 (being the employer's share of the difference between employees' accrued superannuation benefit and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. GESB's records are not structured to provide the information for WAGR. Accordingly, deriving the information for WAGR is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

#### **Employee benefit on-costs**

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.

#### **(i) Leases**

Rights and obligations under finance leases, which are leases that effectively transfer to WAGR substantially all of the risks and benefits incident to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as railcars and wagons under lease, and are depreciated to the Statement of Financial Performance over the period during which WAGR is expected to benefit from use of the leased assets. Minimum lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

WAGR has entered into a number of operating lease arrangements where the lessor effectively retains all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased assets.

#### **(j) Prepaid Lease Revenue**

The sale of the Freight Business on 17 December 2000, included an Operating Lease of the Freight Network Infrastructure for 49 years between WAGR and Westnet Rail Pty Ltd. The lease rentals were fully prepaid on 17 December 2000, and credited to Deferred Operating Lease Revenue. The annual rental from this lease is recognised as revenue, together with an associated interest expense, in accordance with net present value principles using a nominal discount rate that recognises the real discount rate and underlying inflation.

#### **(k) Receivables**

Receivables are recognised at the amount receivable as they are due for settlement, generally no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

#### **(l) Payables**

Payables, including accruals not yet billed, are recognised when WAGR becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

#### **(m) Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average cost basis.

#### **(n) Interest-bearing liabilities**

Loans are recorded at an amount equal to the net proceeds received. Borrowing costs expense is recognised on an accrual basis.

#### **(o) Comparative Figures**

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

# *Notes to the Financial Statements*

## *for the year ended 30 June 2003*

### **Note 1 Significant accounting policies (cont'd)**

#### **(p) Tax Equivalent Regime**

WAGR entered into a tax equivalent regime (TER) in 1996 (when profits were generated by the previously owned Freight Business) whereby an equivalent amount in respect of income tax is payable to the State Treasury. The calculation of the liability in respect of income tax is governed by TER guidelines and directions approved by Government.

As a consequence of participating in the TER, WAGR was required to comply with Australian Accounting Standard AAS 3 "Accounting for Income Tax (Tax Effect Accounting)".

Under Tax-Effect Accounting, the income tax expense shown in the Statement of Financial Performance is based on the pre-tax accounting profit adjusted for income and expenses never to be assessed as income or allowed as being deductible for taxation purposes ("permanent differences").

Timing differences which arise due to income and expense items being recognised in different accounting periods for accounting and tax purposes, are brought to account as either a provision for deferred income tax or as a non-current asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits in relation to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future tax benefits in relation to tax losses are not brought to account unless the benefit can be regarded as being virtually certain of realisation.

#### **(q) Accrued Salaries**

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for the financial year does not coincide with the end of the financial year. WAGR considers the carrying amount approximates net fair value.

#### **(r) Resources received free of charge**

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

#### **(s) Rounding**

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### **Note 2 Dividends**

As part of financial arrangements with State Treasury, WAGR previously made dividend payments to the State to ensure a neutral impact on the Consolidated Fund.

As a result of the sale of the Freight Business on 17 December 2000, WAGR no longer earns a commercial return. Treasury has determined that the payment of Dividends is no longer applicable to WAGR.

# Notes to the Financial Statements

for the year ended 30 June 2003

|                                                        | 2003<br>\$000 | 2002<br>\$000 |
|--------------------------------------------------------|---------------|---------------|
| <b>Note 3 Employee expenses</b>                        |               |               |
| Wages and Salaries                                     | 36,799        | 29,752        |
| Payroll Tax                                            | 2,536         | 1,697         |
| Superannuation                                         | 3,415         | 2,597         |
| Workers compensation                                   | 1,346         | 714           |
| Changes to provision for annual and long service leave | 1,935         | 753           |
| <b>TOTAL</b>                                           | <b>46,031</b> | <b>35,513</b> |

|                                            |               |               |
|--------------------------------------------|---------------|---------------|
| <b>Note 4 Supplies and services</b>        |               |               |
| Consultants and Contractors                | 35,806        | 39,691        |
| Materials                                  | 6,523         | 6,988         |
| Vehicle costs, Computer Supplies and Other | 10,653        | 9,437         |
| <b>TOTAL</b>                               | <b>52,982</b> | <b>56,116</b> |

|                                             |               |               |
|---------------------------------------------|---------------|---------------|
| <b>Note 5 Depreciation expense</b>          |               |               |
| Buildings                                   | 6,075         | 6,960         |
| Rollingstock                                | 5,014         | 3,128         |
| Permanent way                               | 8,116         | 8,557         |
| Plant, equipment and motor vehicles         | 2,228         | 1,727         |
| Protection Equipment at valuation           | 264           | 316           |
| Freight Network Infrastructure at valuation | 302           | 197           |
| Freight Network Infrastructure              | 10,920        | 10,981        |
| Leased Railcars                             | 2,857         | 4,700         |
| <b>TOTAL</b>                                | <b>35,776</b> | <b>36,566</b> |

|                                                                            |               |               |
|----------------------------------------------------------------------------|---------------|---------------|
| <b>Note 6 Borrowing costs expense</b>                                      |               |               |
| Western Australian Treasury Corporation loans                              | 41,082        | 39,418        |
| Commonwealth loans                                                         | 335           | 357           |
| Finance lease finance charges                                              | 187           | 538           |
| Interest expense on prepaid Freight Network Infrastructure operating lease | 2,052         | 348           |
| <b>TOTAL</b>                                                               | <b>43,656</b> | <b>40,661</b> |

|                                                                                                                       |              |              |
|-----------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Note 7 Other expenses from ordinary activities</b>                                                                 |              |              |
| Grant to Main Roads Western Australia for the construction of a road bridge associated with the New MetroRail project | 0            | 3,024        |
| Discontinued works on Major Projects                                                                                  | 5,473        | 0            |
| Carrying value of non-current assets disposed of                                                                      | 1,408        | 0            |
| <b>TOTAL</b>                                                                                                          | <b>6,881</b> | <b>3,024</b> |

# Notes to the Financial Statements

for the year ended 30 June 2003

|                                                        | 2003<br>\$000  | 2002<br>\$000  |
|--------------------------------------------------------|----------------|----------------|
| <b>Note 8 Urban Passenger revenue</b>                  |                |                |
| Recoup from Department for Planning and Infrastructure | 106,921        | 108,822        |
| Training Grants-Commonwealth                           | 26             | 0              |
| <b>TOTAL</b>                                           | <b>106,947</b> | <b>108,822</b> |

## Note 9 Transwa revenue

|                       |       |       |
|-----------------------|-------|-------|
| Fares from passengers | 7,193 | 7,034 |
|-----------------------|-------|-------|

The difference between the total cost of providing Transwa services and the fares collected from passengers is funded as a Community Service Obligation (see note 10).

## Note 10 Community Service Obligations (CSO)

|              |                                      |               |               |
|--------------|--------------------------------------|---------------|---------------|
| Transwa:     | Australind                           | 6,250         | 4,804         |
|              | Prospector / AvonLink                | 7,736         | 7,318         |
|              | Road Coach Services                  | 7,397         | 5,593         |
|              |                                      | <u>21,383</u> | <u>17,715</u> |
| Other:       | Indian Pacific                       | 697           | 683           |
|              | Residual Freight Debt Servicing      | 19,776        | 17,648        |
|              | Surplus employees                    | 2,082         | 2,603         |
|              | Post Freight Sale Transitional Costs | 701           | 1,134         |
|              | Corridor and Network Management      | 1,500         | 1,900         |
|              | Geraldton Southern Corridor          | 243           | 0             |
|              | Albany Spur                          | (85)          | 85            |
|              |                                      | <u>24,914</u> | <u>24,053</u> |
| <b>TOTAL</b> |                                      | <b>46,297</b> | <b>41,768</b> |

## Note 11 Land Rationalisation Lease revenue

|                                         |    |   |
|-----------------------------------------|----|---|
| Rental income from Land Rationalisation | 75 | 0 |
|-----------------------------------------|----|---|

A 99 year operating lease for 118 Grain Receival points was entered into with Co-operative Bulk Handling (CBH). Rental Income for 99 years of \$ 7.45m was received in full at the commencement of the lease, and is accounted for as revenue over the 99 year lease period, with the prepaid portion shown as Deferred Income (see Note 26).



# Notes to the Financial Statements

for the year ended 30 June 2003

|                                                   | 2003<br>\$000 | 2002<br>\$000 |
|---------------------------------------------------|---------------|---------------|
| <b>Note 12 Operating Lease revenue</b>            |               |               |
| Rental income from Freight Network Infrastructure | 18,140        | 17,654        |

## Note 13 Proceeds on disposal of non-current assets

|                                                             |   |    |
|-------------------------------------------------------------|---|----|
| Profit on sale of property, plant, equipment and vehicles   | 0 | 56 |
| Gross proceeds on disposal                                  | 0 | 56 |
| Proceeds on sale of property, plant, equipment and vehicles | 0 | 56 |

## Note 14 Other revenues from ordinary activities

|                                                              |               |               |
|--------------------------------------------------------------|---------------|---------------|
| Rent of WAGR property                                        | 5,344         | 5,948         |
| External Works                                               | 1,738         | 158           |
| Salvage                                                      | 10            | 26            |
| Miscellaneous                                                | 1,665         | 2,033         |
| Railway Corridor Leases                                      | 405           | 461           |
| Recoup of land rationalisation expenditure                   | 1,136         | 0             |
| Insurance claim received                                     | 1,000         | 2,518         |
| Grants received – Department for Planning and Infrastructure | 5,971         | 1,761         |
| Provisions written back                                      | 1,048         | 1,010         |
| Recognition of assets previously expensed                    | 424           | 0             |
| <b>TOTAL</b>                                                 | <b>18,741</b> | <b>13,915</b> |

## Note 15 Revenues from State Government

|                                                                                            |            |              |
|--------------------------------------------------------------------------------------------|------------|--------------|
| Appropriation from Treasury from the sale of land by the Department of Land Administration | 0          | 3,034        |
| Resources received free of charge – Office of Auditor General                              | 105        | 54           |
| <b>TOTAL</b>                                                                               | <b>105</b> | <b>3,088</b> |

# Notes to the Financial Statements

## for the year ended 30 June 2003

|                                                                                                                                                                                                                     | 2003<br>\$000 | 2002<br>\$000   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------|
| <b>Note 16 Income tax equivalent expense</b>                                                                                                                                                                        |               |                 |
| The income tax equivalent expense attributable to the previous year differs from the amount calculated on the change in net assets before income tax equivalent expense. The differences are reconciled as follows: |               |                 |
| Change in net assets before income tax equivalent expense                                                                                                                                                           | 1,044         | 6,324           |
| Income Tax calculated at 30%                                                                                                                                                                                        | 313           | 1,897           |
| Tax effect of permanent differences:                                                                                                                                                                                |               |                 |
| Building depreciation                                                                                                                                                                                               | 204           | 204             |
| Asset Contributions – Main Roads                                                                                                                                                                                    | 0             | 907             |
| Timing differences not recognised – Note (i)                                                                                                                                                                        | (517)         | (3,008)         |
| Provision for deferred tax no longer recognised – Note (i)                                                                                                                                                          | 0             | (30,489)        |
| Deferred tax asset no longer recognised – Note (i)                                                                                                                                                                  | 0             | 2,389           |
| <b>TOTAL INCOME TAX EQUIVALENT EXPENSE</b>                                                                                                                                                                          | <b>0</b>      | <b>(28,100)</b> |

The total income tax equivalent expense comprises:

|                                                                                                                                                                                                                                                     |                                   |               |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------|-----------------|
| Movement in:                                                                                                                                                                                                                                        | Provision for Income Tax          | 0             | 0               |
|                                                                                                                                                                                                                                                     | Provision for Deferred Income Tax | 0             | (30,489)        |
| Movement in:                                                                                                                                                                                                                                        | Future Income Tax Benefit         | 0             | 2,389           |
| <b>TOTAL</b>                                                                                                                                                                                                                                        |                                   | <b>0</b>      | <b>(28,100)</b> |
| Deferred tax assets - Future Income Tax Benefit                                                                                                                                                                                                     | 0                                 | 0             |                 |
| Deferred tax liabilities                                                                                                                                                                                                                            | 0                                 | 0             |                 |
| Note (i) The potential future income tax benefit arising from tax losses has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt. |                                   |               |                 |
| Tax losses carried forward at 30%                                                                                                                                                                                                                   | 20,897                            | 21,988        |                 |
| Timing differences                                                                                                                                                                                                                                  | (5,526)                           | (5,009)       |                 |
| <b>TOTAL</b>                                                                                                                                                                                                                                        | <b>15,371</b>                     | <b>16,979</b> |                 |

## Note 17 Restricted cash assets

The following cash assets are restricted because they are held by WAGR on behalf of third parties, subject to certain conditions.

|                                |            |            |
|--------------------------------|------------|------------|
| Contractors' deposits          | 274        | 676        |
| Railway Servants' Benefit Fund | 275        | 298        |
| <b>TOTAL</b>                   | <b>549</b> | <b>974</b> |

Contractors' deposits are held by WAGR as security for contractor performance according to the terms and conditions of the contracts established with each contractor. Generally, the contracts require that these deposits must be maintained intact by WAGR for repayment to the contractor on successful performance of contract conditions.

The Railway Servants' Benefit Fund is to be used only for the purpose of providing welfare to staff.

# Notes to the Financial Statements

for the year ended 30 June 2003

|                                 | 2003<br>\$000 | 2002<br>\$000 |
|---------------------------------|---------------|---------------|
| <b>Note 18 Inventories</b>      |               |               |
| Inventories at cost             | 5,781         | 5,146         |
| Less provision for obsolescence | (418)         | (418)         |
| <b>TOTAL</b>                    | <b>5,363</b>  | <b>4,728</b>  |

## Note 19 Receivables

|                                    |              |              |
|------------------------------------|--------------|--------------|
| Debtors                            | 2,726        | 2,454        |
| Less provision for doubtful debts  | (340)        | (346)        |
| GST receivable                     | 3,414        | 1,237        |
| Other receivables – External Works | 3            | 8            |
| <b>TOTAL</b>                       | <b>5,803</b> | <b>3,353</b> |

## Note 20 Other assets

|                      |     |     |
|----------------------|-----|-----|
| Other Current Assets |     |     |
| Prepayments          | 231 | 215 |

## Note 21 Property, plant, equipment and vehicles

### Property, plant, equipment and vehicles at cost:

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Owned Assets                        |                  |                  |
| Buildings                           | 209,725          | 206,120          |
| Freehold land                       | 4,043            | 4,043            |
| Rollingstock                        | 136,432          | 136,432          |
| Permanent way                       | 263,515          | 265,444          |
| Freight Network Infrastructure      | 816,974          | 816,975          |
| Plant, equipment and motor vehicles | 32,428           | 29,065           |
| Leased Assets                       |                  |                  |
| Railcars                            | 92,509           | 92,509           |
| <b>TOTAL</b>                        | <b>1,555,626</b> | <b>1,550,588</b> |

### Accumulated Depreciation:

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Owned Assets                        |                |                |
| Buildings                           | 61,662         | 55,854         |
| Rollingstock                        | 46,394         | 41,380         |
| Permanent way                       | 83,168         | 76,013         |
| Freight Network Infrastructure      | 306,222        | 295,303        |
| Plant, equipment and motor vehicles | 17,552         | 15,347         |
| Leased Assets                       |                |                |
| Railcars                            | 40,591         | 37,734         |
| <b>TOTAL</b>                        | <b>555,589</b> | <b>521,631</b> |

# Notes to the Financial Statements

for the year ended 30 June 2003

|                                                                                   | 2003<br>\$000    | 2002<br>\$000    |
|-----------------------------------------------------------------------------------|------------------|------------------|
| <b>Note 21 Property, plant, equipment and vehicles (cont'd)</b>                   |                  |                  |
| <b>Written Down Value (at cost):</b>                                              |                  |                  |
| Owned Assets                                                                      |                  |                  |
| Buildings                                                                         | 148,063          | 150,266          |
| Freehold land                                                                     | 4,043            | 4,043            |
| Rollingstock                                                                      | 90,038           | 95,052           |
| Permanent way                                                                     | 180,347          | 189,431          |
| Freight Network Infrastructure                                                    | 510,752          | 521,672          |
| Plant, equipment and motor vehicles                                               | 14,876           | 13,718           |
| Leased Assets                                                                     |                  |                  |
| Railcars                                                                          | 51,918           | 54,775           |
| <b>TOTAL PROPERTY, PLANT, EQUIPMENT AND VEHICLES WRITTEN DOWN VALUE</b>           | <b>1,000,037</b> | <b>1,028,957</b> |
| <b>Property, plant, equipment and vehicles written down value (at valuation):</b> |                  |                  |
| Protection Equipment * (at WAGR valuation 1998)                                   | 3,243            | 3,243            |
| Accumulated Depreciation                                                          | (1,419)          | (1,155)          |
| Written Down Value                                                                | 1,824            | 2,088            |
| Freight Network Infrastructure (at WAGR valuation 1998)                           | 14,797           | 14,797           |
| Accumulated Depreciation                                                          | (5,638)          | (5,336)          |
| Written Down Value                                                                | 9,159            | 9,461            |
| <b>TOTAL PROPERTY, PLANT, EQUIPMENT AND VEHICLES WRITTEN DOWN VALUE</b>           | <b>1,011,020</b> | <b>1,040,506</b> |
| Capital Works in Progress (at cost)                                               | 274,240          | 136,394          |
| <b>GRAND TOTAL</b>                                                                | <b>1,285,260</b> | <b>1,176,900</b> |

\* Certain items of protection equipment were capitalised at valuation in the absence of historical cost information. The valuation was based on an internal engineering assessment of current market value as the closest approximation of historical cost.

## Valuation of land and buildings.

An independent valuation of land and buildings was undertaken by the Valuer General's Office in 2003. The valuation methodology used was based on market valuation.

The values determined were:

|           |               |
|-----------|---------------|
| Land      | \$292,491,850 |
| Buildings | \$3,102,300   |

These values have not been recognised in the financial statements.



# Notes to the Financial Statements

## for the year ended 30 June 2003

### Note 21 Property, plant, equipment and vehicles (cont'd)

#### Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below:

| 2003                                     | Buildings | Freehold Land | Rollingstock | Permanent Way | Freight Network Infrastructure | Plant, Equipment and Motor Vehicles | Leased Railcars | Protection Equipment at valuation | Freight Network Infrastructure at valuation | Work in Progress | Total     |
|------------------------------------------|-----------|---------------|--------------|---------------|--------------------------------|-------------------------------------|-----------------|-----------------------------------|---------------------------------------------|------------------|-----------|
|                                          | \$000     | \$000         | \$000        | \$000         | \$000                          | \$000                               | \$000           | \$000                             | \$000                                       | \$000            | \$000     |
| Carrying amount at the start of the year | 150,266   | 4,043         | 95,052       | 189,431       | 521,672                        | 13,718                              | 54,775          | 2,088                             | 9,461                                       | 136,394          | 1,176,900 |
| Additions                                | 4,284     | 0             | 0            | 0             | 0                              | 3,414                               | 0               | 0                                 | 0                                           | 143,319          | 151,017   |
| Disposals (at WDV)                       | (412)     | 0             | 0            | (968)         | 0                              | (28)                                | 0               | 0                                 | 0                                           | (5,473)          | (6,881)   |
| Depreciation                             | (6,075)   | 0             | (5,014)      | (8,116)       | (10,920)                       | (2,228)                             | (2,857)         | (264)                             | (302)                                       | 0                | (35,776)  |
| Carrying amount at the end of the year   | 148,063   | 4,043         | 90,038       | 180,347       | 510,752                        | 14,876                              | 51,918          | 1,824                             | 9,159                                       | 274,240          | 1,285,260 |

| 2002                                     | Buildings | Freehold Land | Rollingstock | Permanent Way | Freight Network Infrastructure | Plant, Equipment and Motor Vehicles | Leased Railcars | Protection Equipment at valuation | Freight Network Infrastructure at valuation | Work in Progress | Total     |
|------------------------------------------|-----------|---------------|--------------|---------------|--------------------------------|-------------------------------------|-----------------|-----------------------------------|---------------------------------------------|------------------|-----------|
|                                          | \$000     | \$000         | \$000        | \$000         | \$000                          | \$000                               | \$000           | \$000                             | \$000                                       | \$000            | \$000     |
| Carrying amount at the start of the year | 146,212   | 3,732         | 93,774       | 197,193       | 532,290                        | 14,759                              | 57,745          | 2,404                             | 9,658                                       | 15,857           | 1,073,624 |
| Additions                                | 11,049    | 311           | 0            | 1,869         | 0                              | 726                                 | 6,136           | 0                                 | 0                                           | 120,537          | 140,628   |
| Disposals (at WDV)                       | (40)      | 0             | 0            | (740)         | 0                              | (6)                                 | 0               | 0                                 | 0                                           | 0                | (786)     |
| Other Movement                           | 5         | 0             | 4,406        | (334)         | 363                            | (34)                                | (4,406)         | 0                                 | 0                                           | 0                | 0         |
| Depreciation                             | (6,960)   | 0             | (3,128)      | (8,557)       | (10,981)                       | (1,727)                             | (4,700)         | (316)                             | (197)                                       | 0                | (36,566)  |
| Carrying amount at the end of the year   | 150,266   | 4,043         | 95,052       | 189,431       | 521,672                        | 13,718                              | 54,775          | 2,088                             | 9,461                                       | 136,394          | 1,176,900 |

# Notes to the Financial Statements

for the year ended 30 June 2003

|                                     | 2003<br>\$000 | 2002<br>\$000 |
|-------------------------------------|---------------|---------------|
| <b>Note 22 Payables</b>             |               |               |
| Trade payables                      | 3,416         | 4,895         |
| Accrued expenses and other payables | 37,196        | 34,194        |
| <b>TOTAL</b>                        | <b>40,612</b> | <b>39,089</b> |

## Note 23 Interest-bearing liabilities

### LOANS

#### (a) Current

|                                               |            |              |
|-----------------------------------------------|------------|--------------|
| Western Australian Treasury Corporation Loans | 0          | 5,368        |
| Commonwealth Loans                            | 380        | 378          |
| <b>TOTAL CURRENT LOANS</b>                    | <b>380</b> | <b>5,746</b> |

#### (b) Non-Current

|                                               |                |                |
|-----------------------------------------------|----------------|----------------|
| Western Australian Treasury Corporation Loans | 710,557        | 707,175        |
| Commonwealth Loans                            | 5,019          | 5,399          |
| <b>TOTAL NON-CURRENT LOANS</b>                | <b>715,576</b> | <b>712,574</b> |

### FINANCE LEASE LIABILITY

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Minimum lease payments               | 28,593        | 37,880        |
| Deduct – future finance charges      | (259)         | (376)         |
| <b>TOTAL FINANCE LEASE LIABILITY</b> | <b>28,334</b> | <b>37,504</b> |

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Current                              | 8,816         | 9,170         |
| Non-current                          | 19,518        | 28,334        |
| <b>TOTAL FINANCE LEASE LIABILITY</b> | <b>28,334</b> | <b>37,504</b> |

### TOTAL INTEREST-BEARING LIABILITIES

|                                           |                |                |
|-------------------------------------------|----------------|----------------|
| Current                                   | 9,196          | 14,916         |
| Non-current                               | 735,094        | 740,908        |
| <b>TOTAL INTEREST-BEARING LIABILITIES</b> | <b>744,290</b> | <b>755,824</b> |

Lease liabilities are effectively secured under the terms and conditions of the lease.  
The carrying amount of non-current assets under Finance Leases are:

|          |        |        |
|----------|--------|--------|
| Railcars | 51,918 | 54,774 |
|----------|--------|--------|

# Notes to the Financial Statements

for the year ended 30 June 2003

|                                                                                      | 2003<br>\$000  | 2002<br>\$000  |
|--------------------------------------------------------------------------------------|----------------|----------------|
| <b>Note 24 Provisions</b>                                                            |                |                |
| EMPLOYEE BENEFITS                                                                    |                |                |
| (a) Current                                                                          |                |                |
| Annual leave                                                                         | 4,345          | 3,388          |
| Long service leave                                                                   | 3,399          | 2,645          |
| Severance                                                                            | 0              | 23             |
| <b>TOTAL</b>                                                                         | <b>7,744</b>   | <b>6,056</b>   |
| (b) Non-Current                                                                      |                |                |
| Long service leave *                                                                 | 1,467          | 1,218          |
| * The discount rate applied to the calculation of Long Service Leave is 5% (2002:6%) |                |                |
| <b>TOTAL</b>                                                                         | <b>9,211</b>   | <b>7,274</b>   |
| OTHER PROVISIONS                                                                     |                |                |
| Current                                                                              |                |                |
| Public liability provision                                                           | 700            | 827            |
| Workers compensation                                                                 | 725            | 1,314          |
| <b>TOTAL</b>                                                                         | <b>1,425</b>   | <b>2,141</b>   |
| <b>Note 25 Other liabilities</b>                                                     |                |                |
| Contractors' deposits                                                                | 274            | 676            |
| Payments held in suspense                                                            | 187            | 153            |
| Railway Servants' Benefits Fund                                                      | 275            | 298            |
| <b>TOTAL</b>                                                                         | <b>736</b>     | <b>1,127</b>   |
| <b>Note 26 Deferred Income – Operating Leases</b>                                    |                |                |
| Current                                                                              |                |                |
| Freight Network Infrastructure Prepaid Operating Lease                               | 15,178         | 16,088         |
| Co-operative Bulk Handling 99 year lease                                             | 75             | 0              |
|                                                                                      | 15,253         | 16,088         |
| Non-Current                                                                          |                |                |
| Freight Network Infrastructure Prepaid Operating Lease                               | 235,120        | 250,298        |
| Co-operative Bulk Handling 99 year lease                                             | 7,300          | 0              |
|                                                                                      | 242,420        | 250,298        |
| <b>TOTAL</b>                                                                         | <b>257,673</b> | <b>266,386</b> |

# Notes to the Financial Statements

for the year ended 30 June 2003

|                                                         | 2003<br>\$000  | 2002<br>\$000  |
|---------------------------------------------------------|----------------|----------------|
| <b>Note 27 Contributed equity</b>                       |                |                |
| Opening balance                                         | 223,497        | 113,018        |
| Equity contributions (i)                                | 0              | 48,479         |
| Equity contributions – New MetroRail (ii)               | 94,000         | 62,000         |
| Equity contributions – Superannuation (iii)             | 1,571          | 0              |
| Equity contributions – Land Sales (iv)                  | 7,176          | 0              |
| Equity contributions – Geraldton Southern Corridor (iv) | 119            | 0              |
| <b>CLOSING BALANCE</b>                                  | <b>326,363</b> | <b>223,497</b> |

- (i) The net assets of the New MetroRail Development (formerly Perth Urban Rail Development) project were transferred from the Department for Planning and Infrastructure to WAGR during 2002. This transfer of assets has been designated as contributions by owners and was credited directly to contributed equity.
- (ii) From 1 July 2001 capital appropriations, termed capital contributions, have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.
- (iii) Unfunded Superannuation transferred to Department of Treasury and Finance.
- (iv) Proceeds from Land Sales and Principal repayment of Great Southern Corridor loan have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.

## Note 28 Reserves

Asset revaluation reserve:

|                        |               |               |
|------------------------|---------------|---------------|
| Opening balance        | 18,077        | 18,077        |
| Movements              | 0             | 0             |
| <b>CLOSING BALANCE</b> | <b>18,077</b> | <b>18,077</b> |

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

## Note 29 Accumulated surplus/(deficit)

|                        |                 |                 |
|------------------------|-----------------|-----------------|
| Opening balance        | (84,672)        | (119,095)       |
| Change in net assets   | 1,044           | 34,423          |
| <b>CLOSING BALANCE</b> | <b>(83,628)</b> | <b>(84,672)</b> |



# Notes to the Financial Statements

## for the year ended 30 June 2003

|  | 2003<br>\$000 | 2002<br>\$000 |
|--|---------------|---------------|
|--|---------------|---------------|

### Note 30 Notes to the Statement of Cash Flows

#### (a) Reconciliation of cash

Cash at the end of the financial year, as shown in the Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

|                                           |               |               |
|-------------------------------------------|---------------|---------------|
| Cash assets                               | 17,553        | 42,573        |
| Restricted cash assets (refer to note 17) | 549           | 974           |
|                                           | <b>18,102</b> | <b>43,547</b> |

#### (b) Financing Facilities

WAGR has a short-term lending facility of \$30 million with the Western Australian Treasury Corporation.

Amounts drawn from this facility at June 30

0 5,368

The Western Australian Treasury Corporation has provided a facility of \$US 103.4 million (2002: \$US 106.5 million) to WAGR to meet contingent obligations under a lease agreement that may eventuate during the life of the lease. As of 30 June 2003 none of this facility has been drawn (2002:nil).

#### (c) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

|                                              |          |          |
|----------------------------------------------|----------|----------|
| Net (cost of)/surplus from services          | 939      | 3,236    |
| Reconciling items:                           |          |          |
| Depreciation                                 | 35,776   | 36,566   |
| (Profit)/loss on sale of non-current assets  | 0        | (56)     |
| Land Rationalisation expense                 | 3,608    | 2,694    |
| Community Service Obligations                | (46,297) | (41,768) |
| Resources received free of charge            | 105      | 54       |
| Other non-cash adjustments                   | 129      | (164)    |
| Discontinued works                           | 5,473    | 0        |
| (Increase)/decrease in assets:               |          |          |
| Current receivables                          | (272)    | 1,874    |
| Current inventories                          | (635)    | (1,162)  |
| Other current assets                         | (16)     | (60)     |
| Increase/(decrease) in liabilities:          |          |          |
| Current payables                             | (4,551)  | 6,138    |
| Current provisions                           | 972      | 245      |
| Other current liabilities                    | (391)    | (278)    |
| Current deferred operating lease revenue     | (835)    | (1,218)  |
| Non-current provisions                       | 249      | (23)     |
| Non-current deferred operating lease revenue | (7,878)  | (16,088) |
| Change in net GST receivable                 | (2,178)  | (62)     |

|                                              |                 |                 |
|----------------------------------------------|-----------------|-----------------|
| <b>Net cash used in operating activities</b> | <b>(15,802)</b> | <b>(10,072)</b> |
|----------------------------------------------|-----------------|-----------------|

# Notes to the Financial Statements

## for the year ended 30 June 2003

|                                                               | 2003<br>\$000  | 2002<br>\$000  |
|---------------------------------------------------------------|----------------|----------------|
| <b>Note 31 Commitments for expenditure</b>                    |                |                |
| a) Capital expenditure contractually committed as at June 30: |                |                |
| Within one year                                               | 141,094        | 88,422         |
| Later than 1 year and not later than 5 years                  | 146,459        | 203,136        |
| <b>TOTAL</b>                                                  | <b>287,553</b> | <b>291,558</b> |

The capital commitments include amounts for:

|                            |                |                |
|----------------------------|----------------|----------------|
| Land and buildings         | 54,289         | 33,159         |
| Permanent way              | 34,475         | 10,186         |
| Railcars – Urban Passenger | 188,089        | 212,769        |
| Railcars – Transwa         | 10,700         | 35,444         |
| <b>TOTAL</b>               | <b>287,553</b> | <b>291,558</b> |

(b) Finance leases – amounts due:

|                                              |               |               |
|----------------------------------------------|---------------|---------------|
| Within one year                              | 8,949         | 9,342         |
| Later than 1 year and not later than 5 years | 19,644        | 28,538        |
| Minimum lease payments                       | 28,593        | 37,880        |
| Deduct - future finance charges              | (259)         | (376)         |
| <b>TOTAL FINANCE LEASE COMMITMENTS</b>       | <b>28,334</b> | <b>37,504</b> |

(c) Non-cancellable operating leases – amounts due:

|                                                          |              |            |
|----------------------------------------------------------|--------------|------------|
| Within one year                                          | 674          | 0          |
| Later than 1 year and not later than 5 years             | 694          | 485        |
| <b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b> | <b>1,368</b> | <b>485</b> |

(d) Maintenance contract commitments:

|                                               |                |                |
|-----------------------------------------------|----------------|----------------|
| Within one year                               | 12,794         | 0              |
| Later than 1 year and not later than 5 years  | 21,714         | 14,369         |
| Later than 5 years                            | 131,557        | 147,606        |
| <b>TOTAL MAINTENANCE CONTRACT COMMITMENTS</b> | <b>166,065</b> | <b>161,975</b> |

## Note 32 Contingent liabilities and claims not recognised in the financial statements

- One incident may result in a claim against WAGR that is the subject of further investigation and at balance date cannot be reliably quantified.
- There is a potential claim related to a disputed contract. The contract was transferred as part of the sale of the Freight Business on 17 December 2000, but the dispute dates back to the period when WAGR was the contractor. WAGR has not yet received a direct claim under the contract. At this stage, the extent of WAGR's potential liability cannot be reliably quantified.
- WAGR has provided an income tax indemnity to Deutsche Bank concerning the early termination of a rollingstock lease that cannot be reliably quantified.
- WAGR has provided an income tax indemnity to LUL Nominees concerning the early termination of a rollingstock lease that cannot be reliably quantified.

# Notes to the Financial Statements

for the year ended 30 June 2003

## Note 33 Remuneration of Members of the Accountable Authority and Senior Officers

### (a) Remuneration of Members of the Accountable Authority

The number of members of the Accountable Authority whose total fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

|                     | 2003 | 2002 |
|---------------------|------|------|
| \$160,001-\$170,000 | 0    | 1    |
| \$180,001-\$190,000 | 1    | 0    |

|       |       |
|-------|-------|
| 2003  | 2002  |
| \$000 | \$000 |

|                                                                      |     |     |
|----------------------------------------------------------------------|-----|-----|
| The total remuneration of the member of the Accountable Authority is | 181 | 169 |
|----------------------------------------------------------------------|-----|-----|

The superannuation included here represents the superannuation expense incurred by the Authority in respect of the members of the Accountable Authority.

No members of the Accountable Authority are Members of the Pension Scheme.

### (b) Remuneration of Senior Officers

The number of Senior Officers other than the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

| Senior executives only | 2003  | 2002  |
|------------------------|-------|-------|
| \$30,001-\$40,000      | 1     | 0     |
| \$80,001-\$90,000      | 0     | 1     |
| \$100,001-\$110,000    | 2     | 2     |
| \$110,001-\$120,000    | 2     | 3     |
| \$120,001-\$130,000    | 3     | 1     |
|                        | <hr/> | <hr/> |
|                        | 8     | 7     |

|       |       |
|-------|-------|
| 2003  | 2002  |
| \$000 | \$000 |

|                                              |     |     |
|----------------------------------------------|-----|-----|
| The total remuneration of Senior Officers is | 848 | 773 |
|----------------------------------------------|-----|-----|

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers, other than the senior officer reported as a member of the Accountable Authority.

No senior officer is a member of the Pension Scheme.

# Notes to the Financial Statements

## for the year ended 30 June 2003

### Note 34 Revenue and Cost of Services Explanatory Statement

#### a) Actual results for 2002/2003 compared to the budget estimate

|                                     | Estimate<br>\$000 | Actual<br>\$000 | Variance<br>\$000 |
|-------------------------------------|-------------------|-----------------|-------------------|
| Revenue from ordinary activities    | 201,114           | 198,054         | (3,060)           |
| Cost of Services                    | 192,709           | 197,115         | (4,406)           |
| Net Cost of (Surplus from) Services | (8,405)           | (939)           | (7,466)           |

#### Revenue

The overall revenue was below the estimate by \$3.0 million.

Land Rationalisation lease income for the 99 year Co-operative Bulk Handling lease of \$7.4 million has been reclassified to a deferred operating lease and amortised on a straight line basis over 99 years.

Unbudgeted revenue was received from: a damages claim related to the Freight Business of \$1.0 million; a rebate for overcharged track access of \$0.5 million related to a dispute in the Rail Freight Sale agreement; the write-back of a provision for unmatched goods received notes of \$1.0 million that related to pre Freight Sale transactions in 1994; and external works of \$1.7 million for flash light maintenance and principal shared path.

Community Service Obligations were in line with the estimate.

Revenue from Urban Passenger is a reimbursement under contract for costs incurred. Revenue was below the estimate by \$1.1 million as a result of expenditure being under budget for debt servicing costs as a result of lower than expected borrowings for New MetroRail.

#### Cost of Services

Cost of Services for the year was \$4.4 million above the estimate.

Operating costs were over budget by \$6.7 million. Several unusual items contributed to this: settlement of asbestosis claims of \$0.9 million; unscheduled bridge works \$0.7 million; station maintenance over expenditure (in dispute) of \$0.5 million; and discontinued works variation for New MetroRail of \$4.8 million.

Borrowing costs were \$2.8 million below the estimate due to lower than forecast interest rates.

#### (b) Actual results for 2002/2003 compared to the preceding year:

|                                     | 2003<br>\$000 | 2002<br>\$000 | Variance<br>\$000 |
|-------------------------------------|---------------|---------------|-------------------|
| Revenue from ordinary activities    | 198,054       | 190,016       | 8,038             |
| Cost of Services                    | 197,115       | 186,780       | (10,335)          |
| Net Cost of (Surplus from) Services | (939)         | (3,236)       | (2,297)           |

# Notes to the Financial Statements

## for the year ended 30 June 2003

### Note 34 Revenue and Cost of Services Explanatory Statement (cont'd)

#### Revenue

The overall revenue was \$8.0 million more than the previous year.

Community Service Obligations increased by \$4.5 million. The major cause was the increase in the cost of providing country road coach services and Australind services.

Other revenue was \$4.8 million higher largely because of a grant from the Department for Planning and Infrastructure for Safer Transport Capital Expenditure.

#### Expenditure

The overall expenditure was \$10.3 million above the previous year.

Employee expenses were \$10.5 million higher because of the recruitment of Transit Guards to provide a guard on every train and to replace contract for security with full time employees.

Supplies and Services were \$3.1 million less because of the replacement of train security contract with employees.

Borrowing costs were up \$3.0 million because of an increase in the notional interest expense on the prepaid Freight Network Infrastructure operating lease and capital acquisition of Prospector and road coaches.

There was a reduction of \$4.2 million in operating lease expense because the lease has been completed.

Other expenses were up \$3.8 million largely because of the write-off of discontinued works on the New MetroRail project, mainly associated with the decision to change the route to follow the freeway.

### Note 35 Losses through thefts, defaults and other causes

|                                      | 2003<br>\$000 | 2002<br>\$000 |
|--------------------------------------|---------------|---------------|
| a) Losses written off:               |               |               |
| Thefts of cash, equipment and stores | 9             | 7             |
| (b) Stocks - discrepancies           | 0             | 64            |
| - obsolescence, damage, surplus      | 0             | 37            |
| (c) Revenue written off              | 22            | 5             |
| <b>TOTAL</b>                         | <b>31</b>     | <b>113</b>    |



# Notes to the Financial Statements

## for the year ended 30 June 2003

### Note 36 Financial Instruments

#### (a) Interest Rate Risk Exposures

WAGR's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out below.

|                         |       | Weighted<br>average<br>effective<br>interest<br>rate % | Floating<br>interest<br>rate (i)<br>\$000 | Fixed interest rate maturing in:<br>1 year<br>or less<br>\$000 | over 1<br>to 5 years<br>\$000 | More<br>than<br>5 years<br>\$000 | Non<br>interest<br>bearing<br>\$000 | Total<br>\$000 |
|-------------------------|-------|--------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------|-------------------------------|----------------------------------|-------------------------------------|----------------|
| 2003                    | Notes |                                                        |                                           |                                                                |                               |                                  |                                     |                |
| <b>Financial Assets</b> |       |                                                        |                                           |                                                                |                               |                                  |                                     |                |
| Cash assets             | 30    | 4.78%                                                  | 17,553                                    |                                                                |                               |                                  |                                     | 17,553         |
| Restricted cash assets  | 17    | 4.78%                                                  | 549                                       |                                                                |                               |                                  |                                     | 549            |
| Receivables             | 19    |                                                        |                                           |                                                                |                               |                                  | 5,803                               | 5,803          |
| <b>TOTAL</b>            |       |                                                        | <b>18,102</b>                             |                                                                |                               |                                  | <b>5,803</b>                        | <b>23,905</b>  |

#### Financial Liabilities

|                   |    |  |  |  |  |  |        |        |
|-------------------|----|--|--|--|--|--|--------|--------|
| Payables          | 22 |  |  |  |  |  | 40,612 | 40,612 |
| Other liabilities | 25 |  |  |  |  |  | 274    | 274    |

#### Interest-Bearing Liabilities

|                     |    |       |               |                |                |                |               |                |
|---------------------|----|-------|---------------|----------------|----------------|----------------|---------------|----------------|
| W.A.T.C. Loans (ii) | 23 | 5.59% |               | 262,955        | 199,151        | 248,451        |               | 710,557        |
| Commonwealth Loans  | 23 | 5.63% |               |                |                | 5,399          |               | 5,399          |
| Lease Liabilities   | 23 | 6.55% | 28,334        |                |                |                |               | 28,334         |
| <b>TOTAL</b>        |    |       | <b>28,334</b> | <b>262,955</b> | <b>199,151</b> | <b>253,850</b> | <b>40,886</b> | <b>785,176</b> |

#### 2002

#### Financial Assets

|                        |    |       |               |  |  |  |              |               |
|------------------------|----|-------|---------------|--|--|--|--------------|---------------|
| Cash assets            | 30 | 4.64% | 42,573        |  |  |  |              | 42,573        |
| Restricted cash assets | 17 | 4.64% | 974           |  |  |  |              | 974           |
| Receivables            | 19 |       |               |  |  |  | 3,353        | 3,353         |
| <b>TOTAL</b>           |    |       | <b>43,547</b> |  |  |  | <b>3,353</b> | <b>46,900</b> |

#### Financial Liabilities

|                   |    |  |  |  |  |  |        |        |
|-------------------|----|--|--|--|--|--|--------|--------|
| Payables          | 22 |  |  |  |  |  | 39,089 | 39,089 |
| Other liabilities | 25 |  |  |  |  |  | 676    | 676    |

#### Interest-Bearing Liabilities

|                     |    |       |               |                |                |                |               |                |
|---------------------|----|-------|---------------|----------------|----------------|----------------|---------------|----------------|
| W.A.T.C. Loans (ii) | 23 | 5.59% |               | 267,023        | 198,009        | 247,511        |               | 712,543        |
| Commonwealth Loans  | 23 | 5.63% |               |                |                | 5,777          |               | 5,777          |
| Lease Liabilities   | 23 | 6.38% | 37,105        | 399            |                |                |               | 37,504         |
| <b>TOTAL</b>        |    |       | <b>37,105</b> | <b>267,422</b> | <b>198,009</b> | <b>253,288</b> | <b>39,765</b> | <b>795,589</b> |

# *Notes to the Financial Statements*

## *for the year ended 30 June 2003*

### **Note 36 Financial Instruments (cont'd)**

- (i) Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.
- (ii) Western Australian Treasury Corporation Loans

#### **(b) Credit Risk Exposures**

WAGR's credit risk on financial assets, which have been recognised on the Statement of Financial Position, is generally the carrying amount, net of any provision for doubtful debts.

Concentrations of credit risk on financial assets are primarily related to property rental agreements and other miscellaneous revenue.

Except for securities held to ensure the performance of contractor guarantees or warranties, amounts due from major debtors are not normally secured by collateral. However the creditworthiness of debtors is regularly monitored. Securities held to ensure the performance of contractor guarantees or warranties include Bank Guarantees, Personal (Directors) Guarantees or cash. The value of securities held is dependant on the nature, including the complexity and risk, of the contract.

#### **(c) Net Fair Values**

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

# Notes to the Financial Statements

## for the year ended 30 June 2003

### Note 37 Segment reporting

Information about Business Segments

|                                                                  | Urban<br>Passenger<br>Transport<br>Services<br>\$000 | Transwa<br>Transport<br>Services<br>\$000 | Operating<br>Lease Freight<br>Network<br>Infrastructure<br>\$000 | Other<br>\$000 | Total<br>\$000 |
|------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------|------------------------------------------------------------------|----------------|----------------|
| 2003                                                             |                                                      |                                           |                                                                  |                |                |
| <b>COST OF SERVICES</b>                                          |                                                      |                                           |                                                                  |                |                |
| <b>Expenses from ordinary activities</b>                         |                                                      |                                           |                                                                  |                |                |
| Employee expenses                                                | 29,946                                               | 6,751                                     | 0                                                                | 9,334          | 46,031         |
| Supplies and services                                            | 31,321                                               | 16,054                                    | 0                                                                | 5,607          | 52,982         |
| Depreciation expense                                             | 22,597                                               | 1,741                                     | 9,813                                                            | 1,625          | 35,776         |
| Borrowing costs expense                                          | 20,728                                               | 2,721                                     | 2,052                                                            | 18,155         | 43,656         |
| Operating Lease expense                                          | 0                                                    | 0                                         | 0                                                                | 0              | 0              |
| Energy and fuel                                                  | 6,409                                                | 1,309                                     | 0                                                                | 463            | 8,181          |
| Land Rationalisation expense                                     | 0                                                    | 0                                         | 0                                                                | 3,608          | 3,608          |
| Other expenses from ordinary activities                          | 603                                                  | 0                                         | 1,408                                                            | 4,870          | 6,881          |
| <b>Total cost of services</b>                                    | <b>111,604</b>                                       | <b>28,576</b>                             | <b>13,273</b>                                                    | <b>43,662</b>  | <b>197,115</b> |
| <b>REVENUES FROM ORDINARY ACTIVITIES</b>                         |                                                      |                                           |                                                                  |                |                |
| <b>Revenues from operating activities</b>                        |                                                      |                                           |                                                                  |                |                |
| Urban Passenger revenue                                          | 106,947                                              | 0                                         | 0                                                                | 0              | 106,947        |
| Transwa revenue                                                  | 0                                                    | 7,193                                     | 0                                                                | 0              | 7,193          |
| Community Service Obligations                                    | 0                                                    | 21,383                                    | 0                                                                | 24,914         | 46,297         |
| Land Rationalisation Lease revenue                               | 0                                                    | 0                                         | 0                                                                | 75             | 75             |
| Operating Lease revenue                                          | 0                                                    | 0                                         | 18,140                                                           | 0              | 18,140         |
| Proceeds on disposal of non-current assets                       | 0                                                    | 0                                         | 0                                                                | 0              | 0              |
| <b>Revenues from non-operating activities</b>                    |                                                      |                                           |                                                                  |                |                |
| Other revenues from ordinary activities                          | 5,971                                                | 0                                         | 0                                                                | 12,770         | 18,741         |
| Interest revenue                                                 | 0                                                    | 0                                         | 0                                                                | 661            | 661            |
| <b>Total revenues from ordinary activities</b>                   | <b>112,918</b>                                       | <b>28,576</b>                             | <b>18,140</b>                                                    | <b>38,420</b>  | <b>198,054</b> |
| <b>NET COST OF (SURPLUS FROM) SERVICES</b>                       | <b>(1,314)</b>                                       | <b>0</b>                                  | <b>(4,867)</b>                                                   | <b>5,242</b>   | <b>(939)</b>   |
| <b>REVENUES FROM STATE GOVERNMENT</b>                            |                                                      |                                           |                                                                  |                |                |
| Output appropriation                                             | 0                                                    | 0                                         | 0                                                                | 0              | 0              |
| Resources received free of charge                                | 0                                                    | 0                                         | 0                                                                | 105            | 105            |
| <b>Total Revenues from State Government</b>                      | <b>0</b>                                             | <b>0</b>                                  | <b>0</b>                                                         | <b>105</b>     | <b>105</b>     |
| <b>CHANGE IN NET ASSETS BEFORE INCOME TAX EQUIVALENT EXPENSE</b> | <b>1,314</b>                                         | <b>0</b>                                  | <b>4,867</b>                                                     | <b>(5,137)</b> | <b>1,044</b>   |

# Notes to the Financial Statements

for the year ended 30 June 2003

## Note 37 Segment reporting (cont'd)

Information about Business Segments

|                                                                  | Urban<br>Passenger<br>Transport<br>Services<br>\$000 | Transwa<br>Transport<br>Services<br>\$000 | Operating<br>Lease Freight<br>Network<br>Infrastructure<br>\$000 | Other<br>\$000 | Total<br>\$000 |
|------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------|------------------------------------------------------------------|----------------|----------------|
| <b>2002</b>                                                      |                                                      |                                           |                                                                  |                |                |
| <b>COST OF SERVICES</b>                                          |                                                      |                                           |                                                                  |                |                |
| <b>Expenses from ordinary activities</b>                         |                                                      |                                           |                                                                  |                |                |
| Employee expenses                                                | 22,219                                               | 6,278                                     | 0                                                                | 7,016          | 35,513         |
| Supplies and services                                            | 37,165                                               | 14,082                                    | 0                                                                | 4,869          | 56,116         |
| Depreciation expense                                             | 21,273                                               | 1,720                                     | 11,179                                                           | 2,394          | 36,566         |
| Borrowing costs expense                                          | 20,058                                               | 1,449                                     | 348                                                              | 18,806         | 40,661         |
| Operating Lease expense                                          | 4,219                                                | 6                                         | 0                                                                | 0              | 4,225          |
| Energy and fuel                                                  | 6,424                                                | 1,223                                     | 0                                                                | 334            | 7,981          |
| Land Rationalisation expense                                     | 0                                                    | 0                                         | 0                                                                | 2,694          | 2,694          |
| Other expenses from ordinary activities                          | 1                                                    | 0                                         | 0                                                                | 3,023          | 3,024          |
| <b>Total cost of services</b>                                    | <b>111,359</b>                                       | <b>24,758</b>                             | <b>11,527</b>                                                    | <b>39,136</b>  | <b>186,780</b> |
| <b>REVENUES FROM ORDINARY ACTIVITIES</b>                         |                                                      |                                           |                                                                  |                |                |
| <b>Revenues from operating activities</b>                        |                                                      |                                           |                                                                  |                |                |
| Urban Passenger revenue                                          | 108,822                                              | 0                                         | 0                                                                | 0              | 108,822        |
| Transwa revenue                                                  | 0                                                    | 7,034                                     | 0                                                                | 0              | 7,034          |
| Community Service Obligations                                    | 0                                                    | 17,715                                    | 0                                                                | 24,053         | 41,768         |
| Land Rationalisation Lease revenue                               | 0                                                    | 0                                         | 0                                                                | 0              | 0              |
| Operating Lease revenue                                          | 0                                                    | 0                                         | 17,654                                                           | 0              | 17,654         |
| Proceeds on disposal of non-current assets                       | 0                                                    | 0                                         | 0                                                                | 56             | 56             |
| <b>Revenues from non-operating activities</b>                    |                                                      |                                           |                                                                  |                |                |
| Other revenues from ordinary activities                          | 1,761                                                | 0                                         | 0                                                                | 12,154         | 13,915         |
| Interest revenue                                                 | 0                                                    | 0                                         | 0                                                                | 767            | 767            |
| <b>Total revenues from ordinary activities</b>                   | <b>110,583</b>                                       | <b>24,749</b>                             | <b>17,654</b>                                                    | <b>37,030</b>  | <b>190,016</b> |
| <b>NET COST OF (SURPLUS FROM) SERVICES</b>                       | <b>776</b>                                           | <b>9</b>                                  | <b>(6,127)</b>                                                   | <b>2,106</b>   | <b>(3,236)</b> |
| <b>REVENUES FROM STATE GOVERNMENT</b>                            |                                                      |                                           |                                                                  |                |                |
| Output appropriation                                             | 0                                                    | 0                                         | 0                                                                | 3,034          | 3,034          |
| Resources received free of charge                                | 0                                                    | 0                                         | 0                                                                | 54             | 54             |
| <b>Total Revenues from State Government</b>                      | <b>0</b>                                             | <b>0</b>                                  | <b>0</b>                                                         | <b>3,088</b>   | <b>3,088</b>   |
| <b>CHANGE IN NET ASSETS BEFORE INCOME TAX EQUIVALENT EXPENSE</b> | <b>(776)</b>                                         | <b>(9)</b>                                | <b>6,127</b>                                                     | <b>982</b>     | <b>6,324</b>   |

# *Notes to the Financial Statements*

## *for the year ended 30 June 2003*

### **Note 37 Segment reporting (cont'd)**

WAGR carried on the whole of its business within the State of Western Australia.

The segment information has been disclosed by outputs.

The two key outputs of WAGR are:

Urban Passenger: This output is to provide an urban rail passenger service.

Transwa: This output is to provide a country rail and road transport service.

Operating Lease Freight Network Infrastructure and Other segments relate to residual freight activities and transactions. WAGR sold the Freight Business in December 2000 and these activities and transactions are not considered to be key outputs of WAGR.

### **Note 38 Railway Corridor Minister**

These Financial Statements include revenue from Railway Corridor leases of \$404,862 (2002: \$461,067) and expenditure related to the management and administration of the Railway Corridor on behalf of the Railways Corridor Minister of \$283,863 (2002: \$486,653).

### **Note 39 Events occurring after reporting date**

On 30 June 2003, The Western Australian Government Railways Commission (WAGR) ceased to exist and on 1 July 2003 a new entity, the Public Transport Authority of Western Australia was formed. The Public Transport Authority of Western Australia has assumed all functions, assets and liabilities that were previously the responsibility of WAGR.





*The first Geraldton Railway Station.*

*The 53 km Geraldton to Northampton line (the first government railway in Western Australia) was opened on the 26 July 1879. Construction commenced five years earlier when Governor Weld turned the first sod on 22 October 1874. Courtesy of Battye Library BA 369/MA-2*

## *Certification of Financial Statements*

The accompanying financial statements of The Western Australian Government Railways Commission have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2003 and the financial position as at 30 June 2003.

At the date of signing I am not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.

*J. W. Leaf*

J W Leaf  
Reporting Officer  
August 29, 2003

# *Auditor General Independent Audit Opinion*

To the Parliament of Western Australia

## **THE WESTERN AUSTRALIAN GOVERNMENT RAILWAYS COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003**

### **Audit Opinion**

In my opinion,

- (i) the controls exercised by The Western Australian Government Railways Commission provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Commission at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

### **Scope**

#### *The Commissioner's Role*

The Commissioner was responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

#### *The Reporting Officer's Role*

Following the abolition of The Western Australian Government Railways Commission with effect from July 1, 2003 the Treasurer appointed a Reporting Officer under the provisions of section 70A of the Act who was responsible for preparing and presenting the final financial statements.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

#### *Summary of my Role*

As required by the Act, I have independently audited the final accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.



D D R PEARSON  
AUDITOR GENERAL  
September 30, 2003

## Contact Details



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### Principal Office

**Street Address:**

The Western Australian  
Government Railways  
Commission  
Westrail Centre  
West Parade  
East Perth WA 6004

**Postal Address:**

PO Box 8125  
Perth Business Centre  
Perth WA 6849  
Australian Business Number:  
44 143 660 866

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### Telephone

**General Administration  
Enquiries (08) 9326 2000**  
(Office Hours Only)  
**Transperth Train Timetable  
Information 13 62 13**

**Transwa Booking Centre  
1300 6622 05**  
(Prospector, Australind, AvonLink  
and Country Coach Services)

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### Publications available to the public

For copies of publications  
available to the general public,  
including the Annual Report,  
please contact:

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**Ph: 08 9326 2425**  
**Fax: 08 9326 2755**

Freedom of Information Act  
Information Statement inquiries  
should be directed to:

**Bernard Martinovich**  
Manager Corporate Issues  
and Compliance  
**Ph: 08 9326 2368**  
**Fax: 08 9326 2936**

**Internet address: [www.pta.wa.gov.au](http://www.pta.wa.gov.au)**



*Class A locomotive. Commenced services in 1885. Courtesy of Battye Library BA 369/DA1-23*